OCTOBER 1978

Nation's Business

business advocate magazine

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Cadillac



The new Energaire ionized oxygen generator will make a handsome addition to any desk.

Miracle Fuzz

A new space-age invention and the same effect as lightening combine to create the world's first home oxygen regeneration system.

You need oxygen to live. You can live without food for 60 days, without water for seven days, but without oxygen, you won't make it past two minutes.

That small piece of fuzz located on top of the cylinder shown above emits ionized oxygen.

You are already familiar with ionized oxygen if you've smelled the air after a thunderstorm. You feel great, revitalized and alert. The lightening from the storm adds a small negatively-charged electron to each oxygen molecule in a process called ionization.

POSITIVE ADVANTAGES

Ionized oxygen performs several positive functions. First, it cleanses the air by attaching itself to anything floating in the air, causing it to fall to the ground.

Secondly, when inhaled, it has the same effect on the body as pure oxygen. It is absorbed quickly by the lungs and goes into the bloodstream making you feel more alert and alive.

The new space-age product shown above is an oxygen ion generator called Energaire. The copper mesh fuzz on top of the unit is one of the secrets of the system.

Although it has no moving parts, you can actually feel a wind produced from the fuzz. This wind is ionized oxygen which spreads to fill a 1500 cubic foot room or about 15 feet square.

EFFECTS FELT QUICKLY

You will feel the effects immediately. The Energaire will clean your room of odor-causing bacteria and stale, musty or smoky air. Energaire will keep you alert. With a fresh supply of ionized oxygen, you will have more energy, be less fatigued, and you will sleep better.

Our polluted cities often deprive us of enough oxygen to make us feel healthy and alert. The Energaire solves this important problem by providing a personal environment – an area that surrounds your body and work location with fresh ionized oxygen.

NEW SCIENCE

The oxygen ion generator is a relatively new product, yet its use in the home may make it more important than any filter system.

The Energaire is a new breakthrough. Ionized oxygen generators have been under development since the early 60's. The Energaire, using the latest in microelectronics, is the first cost-efficient system that produces over 100 times the ion production of other commercial units that cost ten times the cost of the Energaire.

USED IN HOSPITALS

Ionized oxygen creates a germ-free environment – proven through research at several universities. Hospitals are now converting many of their operating rooms to ionized oxygen. Among the hospitals in California are Eden Hospital in Castro Valley, Chico Memorial Hospital in Chico, and the Valley Medical Hospital in Fresno.

TRY THIS DRAMATIC TEST

To show the dramatic effect of ionized oxygen, take the ion generator, blow cigarette smoke into a clear bowl, and hold the bowl inverted over the system. The smoke will vanish. The charged oxygen particles appear to dissolve the smoke particles, precipitating them from the air.

In a room, Energaire surrounds you with these oxygen ions and cleans and purifies the air so even in a smoke-filled room, you will be breathing clean, country-fresh air all day long.

DRAMATIC LIFE CHANGES

Working in an ionized oxygen environment, you think clearly, are more alert, and your brain functions better. In actual brain wave tests, there was an increase in alpha waves when ionized oxygen was used, indicating greater alertness, deeper relaxation, less stress, and more creative brain functioning.

We are so impressed with the pleasant effect of Energaire that we urge you to personally test it yourself in your home or office.

Order one at no obligation. Put it by your desk, in your bedroom, or in any room where you spend a great deal of time. See if it doesn't keep you alert, feeling better, and more productive. See how it rids your room of unpleasant odors and freshens the air.

SLEEP EASIER

At home, use the Energaire to control odor-causing bacteria. Use it by your bed and see how fresh, country-like air makes you sleep easier, deeper, and more relaxed.

You should notice the difference within one day – especially in a work environment. But use it for a full month. Then, if you do not feel better and totally convinced of the positive effects of ionized oxygen, return your unit for a prompt and courteous refund.

The Energaire is manufactured by the Ion Foundation, one of America's leading ion research laboratories, and JS&A is America's largest single source of space-age products.

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To order your Energaire ionized oxygen generator, send **$69.95** plus $3.00 for postage and handling (Illinois residents, please add 5% sales tax) to the address shown below or credit card buyers may call our toll-free number below.

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When the Employee Retirement Income Security Act became law in 1974, it created as much confusion as red tape.

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The law even affects many companies that don't have pension or profit-sharing plans.

Certain sections of the law impose requirements on medical, surgical, disability and death plans. Other sections impose regulations on thrift plans and stock bonus programs.

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WASHINGTON LETTER

▶ ABOUT $15,000 PER SECOND will be spent by the federal government this fiscal year, which began Oct.1.

That's if there are no unforeseen crises that would increase spending.

That $15,000:

Would make a substantial down payment toward the purchase of most homes in the U. S.;

Would buy three smaller automobiles or a luxury car;

Is more than twice the poverty level established by the government for a nonfarm family of four;

Is only $1,010 less than the average nonfarm family of four earned in 1977.

The $15,000 per second total translates to an expenditure of about $490 billion, which has been approved by Congress.

▶ ELECT AN INFLATION-PROOF CONGRESS?

Business certainly can help, says Shearon Harris, National Chamber board chairman.

"There's no question but that government is the main inflationary force, through excessive spending. . .through tax policies that discourage saving and investing and stifle the productivity improvements necessary to restrain inflation, and through runaway regulations that impose ever-increasing costs on business," he says.

▶ TO ILLUSTRATE: Government's tax receipts in 1950 averaged $269 per person; by 1977, the average rose to $1,634.

"That tells you something about the rapidly growing government role in our society," says Mr. Harris.

On inflation: Annual increase barely more than one percent in early 1960's, he says. Since then, increase has been steady--probably will wind up at about eight percent this year.

"We must elect a Congress in which the legislators agree that big government is the major source of inflation and are committed to legislative actions that will turn the tide," Mr. Harris says.

He has sent questionnaire to each House, Senate candidate--incumbent and challenger--asking how they would vote on 17 issues.

Issues range from limiting federal spending growth to welfare reform.

▶ BUSINESS POLITICAL ACTION COMMITTEES for first time expected to match total contributions by labor this election year.

In 1976 election, labor unions dispensed about $8 million in financial contributions to federal candidates.

But extra services--registration, education, get-out-the-vote activities involving union members, which are very valuable to labor-picked candidates--probably amounted to at least double labor's financial contributions, our sources say.

That would put total at $16-$20 million. Labor expected to make same financial effort this year.

For first time, political experts say, business political arms will spend up to $20 million on their candidates. That would about equal labor's outlay.

▶ MORE THAN HALF of all business money donated in political campaigns goes to Democrats.

Nearly 100 percent of all union money donated in campaigns goes to Democrats.

When totaled, about three fourths of all political money flows into Democratic coffers.

ITEM: GOP leader Bill Brock questions

business aims in donating money to political candidates.

Mr. Brock, chairman of Republican National Committee, says majority of business political money in past two years "went to support antibusiness incumbents."

He told us: "That's like buying cancer on the installment plan."

▶ MINIMUM WAGE HIKE slated for January may be delayed--there's a chance, but it's slim.

Sens. John Tower (R.-Tex.) and Robert Morgan (D.-N. C.) introduced bill recently to postpone next round of minimum wage increases, but our sources say passage is slight.

Reason? Measure would have to go before House Education and Labor Committee, which has prolabor makeup. Bill would be stalled in committee and, with Congress racing to adjournment this month, no action would occur.

▶ IF INFLATION RATE stays high, pressure will mount early next Congress--which convenes in January--to do something about delaying minimum wage hikes.

If effort successful, however, it would not be retroactive.

Best guess: Look for possible delay in 1980 minimum wage increase.

Minimum wage now $2.65 an hour. It goes up to $2.90 Jan. 1, then to $3.10 in 1980, and on up to $3.35 in 1981.

▶ INVESTIGATION OF CONRAIL under way by General Accounting Office, and one expected soon by Interstate Commerce Commission, our sources say.

Probes of the government-subsidized freight railroad, which operates mostly in Northeast and Midwest, sparked by Sen. George McGovern (D.-S. D.). He is member of Joint Economic Committee of Congress and ranking member of subcommittee which recently held hearings on Conrail. He chaired hearings.

▶ UNION MEMBERS at committee hearings alleged poor management at Conrail is costing taxpayers millions of dollars a year in additional subsidies.

Conrail official, however, says allegations are false. Official said they involve conflicting evidence.

Sen. McGovern also had asked Justice Department to look into matter, but agency won't move unless investigation by other agencies turns up possible criminal wrongdoing.

▶ AMERICA'S HEALTH CARE BILL expected to top $200 billion soon if present 15 percent annual growth rate continues.

In 1977, U. S. health costs had already climbed above $162 billion, latest government statistics show.

Business pays for large chunk of that. In fact, business is largest private buyer of health care services in U. S.

In 1977, employers paid more than $34 billion for group health insurance. Experts say employers paid same amount in taxes to support Medicare and Medicaid, company health services, and for sick leave.

Pressures also mounting for some type of national health care program. If enacted, business health costs are sure to climb higher.

▶ WHAT CAN BUSINESS DO about mounting health costs?

National Chamber Foundation, research organization affiliated with National Chamber, has spent $175,000 to study situation and recommend how business can contain costs and improve health care by voluntary action taken at local level.

The "how to" approach is contained in set of five reports. Set entitled: "Health and Business: A National Health Care Strategy." Cost: $15. Order from foundation at National Chamber address.

In November, National Chamber will announce a nationwide, community-based action program on health. This will include foundation's reports and information on how local firms and chambers of commerce can best implement the recommendations.

▶ ONE OUT OF TEN STUDENTS nearing end of high school is still not able to do basic, everyday reading tasks; in some low socioeconomic areas, ratio exceeds one out of five, reports federal Right-to-Read Program.

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Trans Union Leasing Corporation

The Snail Darter Revisited

I enjoyed James J. Kilpatrick's column ["Lessons to Be Learned From a Bad Law," August] as always. However, I live near the habitat of the snail darter, and I believe Mr. Kilpatrick missed a few points:

He did not even make a ball-park guess as to what the snail darter insanity has cost the American taxpayer.

He did not comment on the fact that every obstructionist in this country can stop progress, but there is no way for the people to get an injunction to start progress.

He did not comment on the fact that if the snail darter has only half the brains of an ichthyologist, he will find a way to get his girl friend pregnant, dam or no dam.

He did not put the possible loss of the snail darter in perspective. He did not relate how terribly the American people miss the dinosaur.

He did not comment that if the private sector had stolen as much time and money from the public as the public sector has in regard to the snail darter, we would have a lot of corporate presidents behind bars.

Keep Kilpatrick coming.

W. M. BUESCHER
Grass Roots Communications, Inc.
Pigeon Forge, Tenn.

We said it . . .

In response to your editorial, "It's Time to Get on With the Nation's Business," [August] I congratulate you. It is high time that someone said it.

Years ago, labor unions were needed in this country to get working conditions into proper perspective. However, these needs have long been satisfied.

This leaves only one issue for any union. Wages.

Since the federal government has taken care of this issue to a great extent, there is nothing left for the big labor bosses to do but try to expand what they already have. How else are they going to keep their jobs if there is nothing left to do?

Knowing that there are enough senators in Washington to defeat the so-called labor law reform legislation leaves me entirely refreshed.

JULIAN H. BROWN
Vice President
Commercial Bank of Ozark
Ozark, Ala.

Self-pricing agreements

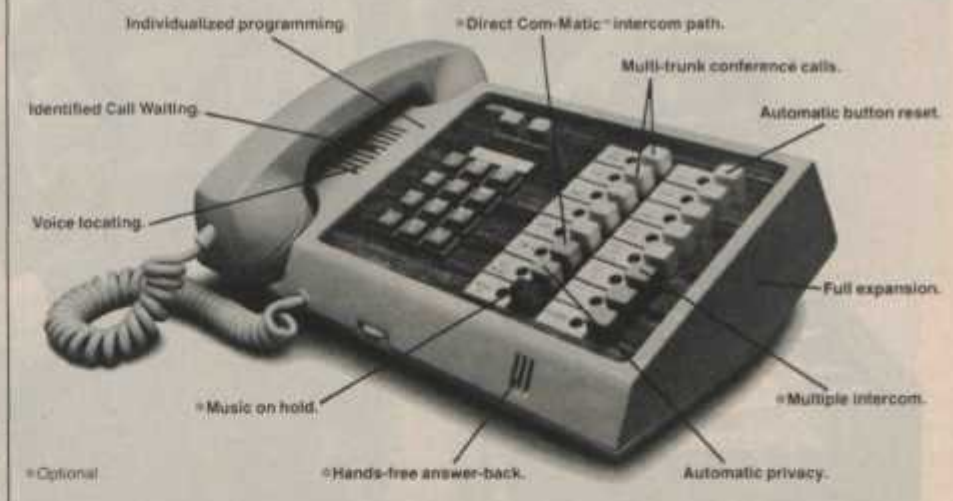
I read the article, "From One Secondhand Truck to a Giant Truckline," [July] with mixed feelings. I greatly admire entrepreneurs who can achieve what Mr. Cochrane has in his lifetime, but I cannot reconcile his present attitude toward government regulation with the can-do spirit that must have permeated his business life.

Where would Mr. Cochrane be today had he been denied the opportunity of achieving success because of government regulations and taxes? His suggestion that government protection of existing businesses is not only justifiable but also needed is inconsistent with the philosophy of hard work, risk, and aggressiveness that brought his business to its present position.

The government seems to have a fixation that it must either totally control an industry or else there can be no attempt at stabilizing competition.

If industries such as trucking were permitted to enter into pricing agreements on their own, but were not required by law to adhere to certain prices, stability could be achieved without blocking out competition.

For example, if the 35 carriers re-



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ferred to by Mr. Cochrane, operating between Baltimore and Atlanta, were legally able to sit down and agree on price structure, a relatively stable pattern would probably evolve. With 35 competitors, there would be good, healthy price competition within that general pattern.

PAUL ARMSTRONG
Armstrong Bros. Tool Co.
Chicago, Ill.

"Businesses don't vote"

There was a statement in your July issue that: "Politicians like to tax business. People vote. Businesses don't."

That is correct to a point. The employees of those businesses should be among the voting people. I believe that the management and employees of businesses should be made aware of problems facing the business.

If a person valued his job, he would be most interested in any imposition by politicians that would increase prices charged by the business and make it noncompetitive.

I also believe that businesses should encourage their employees to vote. There are some firms that excuse their employees for an hour or so for voting on election day. It should be a universal practice.

MARVIN E. RICHARDSON
Mississippi Time Instruments
Jackson, Miss.

Improper interpretation

Before we attempt to index taxation based on the rate of inflation, we must first ponder if the present system of taxation is even constitutional.

The original income tax amendment, added to the Constitution in 1913, limited income taxation to one percent of earnings above $25,000. To my knowledge, it has never been repealed or amended and in reality is very much a solid law. What has happened is that legislators have made a gross and improper interpretation of the power of Congress to raise and collect tax revenue.

GLENN R. BLAZEK
Office Manager
Waterton Sand and Clay, Inc.
Lindon, Utah

The economic brink

The action in California is disturbing because a tax reduction should be the end result, not the means to an end. A tax reduction can be accomplished in a responsible manner if government is managed in a responsible manner.

Amazingly, government officials expect business to be efficient and productive and produce a Gross National Product that will provide government with full funding for unlimited programs, but they themselves avoid accountability.

It doesn't work for one segment of our economy to be efficient and productive if another segment skims off the benefits. Recently, government has been skimming on an ever-increasing scale.

The skimming must stop or the revolutionary element that got Proposition 13 passed in California will bring us to the economic brink.

JERRY L. RHOADS
President
J. L. Rhoads & Co., P. C.
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be accomplished by the simple expedient of limiting the total government service of any individual to ten years. Government doesn't have to be so complex that it takes several years to learn to do a job effectively.

As a fiscal conservation measure, limiting service would have far-reaching effects on the expansion of the civil service. Continual expansion does not have to be a problem if careers in government service vanish. The rapidly rising liability for civil service pension funding would quickly level.

The recent passage of Proposition 13 in California underlines the change in the mood of the electorate toward government officials. There is a limit, that limit has been exceeded, and the electorate is demanding changes. It remains to be seen if government officials can reverse the situation by eliminating politically sensitive programs while beating their breasts and crying: "Our hands are tied."

DAVID W. HAMLIN
President
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A new dimension

A couple of additions to your article on boating ["Business Life-style: From Desk to Deck," June].

Ole Evinrude, although credited with the invention of the first successful commercial motor, was a latecomer; a number of small, independent companies had various portable engines on the market before him. Many managed to combine, and names such as Lockwood-Ash and Koban fell by the wayside, although they were all pioneers.

The electric starter for outboards was introduced much earlier than the 1950's; the Owen Dyneto was popular in the 1930's on the larger engines such as the Elta Quad and the Evinrude and Johnson four-cylinder offerings. The generator-starter system replaced the flywheel and magneto plate and operated off a 12-volt storage battery.

A number of these old electrics are still in use today, mostly owned by a growing number of individuals who find that collecting vintage outboard motors adds a new dimension to the pleasure derived from the sport.

LLOYD HORNBOSTEL, JR.
Manager, Manufacturing and Engineering
Parker Pen Co.
Janesville, Wisc.

Seeking survival

After reading "Trade Talks: Textiles Are Seeking Protection" [August], I came to the conclusion it's not protection but survival we are seeking.

Sen. Ernest Fritz Hollings (D.-S. C.) recently called the textile industry the "backbone of our economy. It is the largest employer of manufacturing labor in the United States and accounts for one out of every eight manufacturing jobs. More than 25 percent of the workers are minorities," he said.

Surely, this should tell us something. Here in North Carolina, even with all the diversification of industry, approximately 75 percent of our labor force is still employed by textile or textile-related businesses.

If we think the Japanese and other Asiatic nations have hurt our textile industry in the past, we haven't seen anything yet. When the Third World nations become self-sufficient and begin manufacturing goods, what will they be? You guessed it—textile products. The Carter administration will not stand in their way with protective textile tariffs.

We in the southland are in for some pretty hard problems unless our more business-minded senators and representatives move out into the front ranks and stop these inroads into a vital part of the nation's economy.

It behooves us all to urge our elected representatives to protect the textile industry which is so supportive of the economy throughout the Carolinas.

HENRY W. ANDERSON
Winston-Salem, N. C.

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BY JAMES J. KILPATRICK

Tuition Grants and Trojan Horses

A GOOD DEAL has happened since I last argued in this magazine in favor of public aid to parents whose children attend nonpublic schools or colleges. The White House, which had been warm to tuition tax credits under Mr. Nixon and Mr. Ford, has turned cold under Mr. Carter. On Capitol Hill, both the House and Senate have continued to search for legislation that would be politically expedient and constitutionally sound. And the Supreme Court has contributed superbly to the confusion that surrounds the whole issue.

The arguments I advanced two years ago still strike me as sound. Underlying the concept of tuition grants or credits are principles as venerable as the inalienable right to life, liberty, and the pursuit of happiness. But certainly an ominous new element has intruded upon the scene. There is a serious probability that the plan could boomerang. Proponents of tuition tax credits, like the credulous people of Troy, may be inviting a Trojan horse into their midst. They may be unwittingly converting private schools into "recipient institutions."

SOME BACKGROUND: The nation's 88,000 public elementary and secondary schools annually enroll about 43.7 million pupils; the 18,000 private schools enroll about 5 million. At the college level, public institutions have 8.8 million students, private institutions, 2.4 million. Over the past 20 years, repeated efforts have been made at state and federal levels to provide some sort of benefit for tuition-paying parents or direct aid to the private institutions.

Both political parties are committed to such programs. The Republican platform of 1976 praised diversity in education and favored consideration of tax credits for parents paying elementary and secondary school tuition. The Democrats renewed their commitment to "a constitutionally acceptable method of providing tax aid for the education of all pupils in nonsegregated schools in order to ensure parental freedom in choosing the best education for their children." As a candidate, President Carter promised to find a way to aid parents whose children attend parochial schools.

At the post-secondary level, the constitutional impediments are not insurmountable. The Supreme Court has upheld state programs in Maryland and South Carolina that aid sectarian institutions. Thousands of college students are attending classes in church-related colleges under the GI Bill of Rights or through federal loan programs.

The First Amendment difficulties are far greater in terms of pupils attending private elementary and secondary schools. Of the 18,000 nonpublic schools, about 10,000 are Catholic parochial schools, another 4,000 are affiliated with other denominations, and the rest are nonsectarian. Together they enroll about 80 percent of all children in nonpublic education. In a series of cases, each more muddled than the one before, the Supreme Court has attempted to discriminate between forbidden and permissible forms of state aid. The establishment-of-religion clause in the Constitution appears to forbid some things but not other things.

The constitutional fog, which had been thick enough already, was made thicker in June, 1977, when the Supreme Court dealt with an Ohio program. The nine justices split six different ways.



When the dust settled, a few wobbly surmises could be plucked from the debris. A state constitutionally may loan textbooks, administer standardized tests, help with speech and hearing, and provide dental care. However, a state may not constitutionally lend a child in a nonpublic school the same piece of scientific equipment it lends to a child in a public school. A state cannot provide a bus and driver to take nonpublic pupils on the same field trips provided for public pupils.

ON THE BASIS of these metaphysical distinctions, the Department of Justice has concluded that none of the several proposed plans of tuition tax credit could survive constitutional challenge. Other authorities disagree. Professor Antonin Scalia of the University of Chicago Law School finds nothing unconstitutional in tax credits. Such indirect aid to a parochial school, it is argued, cannot be distinguished from the indirect aid that results when

taxpayers deduct contributions to a sectarian school in computing their net taxable income.

My own conjecture is that a law providing a credit for taxpayers with tuition-paying dependents would be upheld 6-3 by the Supreme Court. Associate Justices Brennan, Marshall, and Stevens would probably hold against it; the other five and Chief Justice Burger would find no infirmity. Certainly, such a provision of the tax code would be valid for dependents attending nonsectarian private schools. To rule that taxpayers with children in church-related schools could not take the credit might well be construed as an abridgement of their right to the free exercise of religion.

These are arguments for some future day. Of more immediate concern is the sudden, terrible apprehension that proponents of tuition tax credits could win their battle and lose the war. The dug-in bureaucracy, adamantly opposed to tuition credits, has quietly devised a little stratagem. Mr. and Mrs. O'Malley, let us suppose, pay tuition for sons Pat and Mike at Sacred Heart School. Under the government's theory, the moment the O'Malleys take a tax credit on their Form 1040, Sacred Heart School becomes a recipient institution.

ACADEMICALLY SPEAKING, this is a fate worse than death. The government already has undertaken to apply this same grotesque theory to private colleges and universities where some of the students are enrolled under GI benefits or federal loans. Hillsdale College in Michigan, for example, takes no direct federal aid whatever—no grants for research, no funds for lecture series. But the government has told Hillsdale that if even one student with a guaranteed federal loan is enrolled, Hillsdale will become subject to full federal control.

Beyond the academic groves, it is likely that few Americans have any notion of the extent, the variety, and the complexity of federal controls of our educational institutions. Almost three years ago, Robert C. Andringa, writing in "Change," found 439 separate sets of federal regulations applicable to schools and colleges that come under the federal tent. Since then the number has greatly increased, if only because of the new rules covering handicapped people.

To become a recipient institution is to become subject immediately to all the regulations under Title VI of the Civil Rights Act of 1964. This would mean, among other things, the filing of incessant reports on pupils, faculty, and administrative staff, detailing sex, race, ethnic background, and the like, to at least one decimal point. Sacred Heart School, once it became a recipient institution, would be inundated with paperwork to demonstrate that it is not discriminating because of age, sex, race, religion, or national origin.

TITLE IX of the act says that no one can be barred by reason of sex from the benefits of "any educational program or activity" receiving federal assistance. The federal bureaucracy, defying every court that has construed this provision, has decided that any educational program or activity means any school. Under this mind-boggling distortion of the act, Sacred Heart School, having been transformed into a school receiving federal financial assistance, would be prohibited from any separate programs for boys and girls.

Other federal rules and regulations cover health and safety, access for handicapped people, and inspection of food and medical services. An institution receiving federal aid cannot enter into contracts for new construction without involving itself in the whole array of rules and regulations of the Labor Department. Under guidelines for affirmative action, affected institutions must pledge their best efforts to reach certain racial and sexual quotas, although they are not called quotas, but rather goals. Such efforts are constantly monitored. Recipient institutions are assumed to be guilty of unlawful discrimination until they prove themselves innocent.

UNDER the bureaucracy's little scheme, by which our hypothetical Sacred Heart School becomes a recipient school because of the O'Malleys' tax credit, it is questionable whether the school could retain its character as a Catholic institution. Do I exaggerate? A Methodist college in western Maryland a few years ago, in its eagerness to retain certain tax funds, had to agree "promptly and permanently to remove all religious symbols and indicia of church-relatedness, including but not limited to crosses, from the buildings and public rooms of its campus." At little Asbury College in Kentucky, President Dennis F. Kinlaw discovered that "one veteran or one student with a government loan enmeshes Asbury in almost all federal regulations." In a letter to alumni, he asked advice on how his college "can continue to receive money provided by the government to our students and still maintain our independence and integrity to operate as a private Christian institution of higher learning?"

If the effect of a tuition benefit program were to redefine the status of nonpublic schools, the affected institutions could be wiped out by the staggering costs of compliance. The smaller colleges, especially, might find it impossible to survive. Harvard diverts 60,000 hours of faculty time a year to filling out federal forms. William J. McGill, president of Columbia University, has estimated he must spend $1 million each year "just in meeting the various federal reporting obligations." Beyond the dollar cost is the pervasive influence of federal control upon teaching, research, and curriculum.

About 20 years ago, federal aid was an insignificant part of public school finance. It figured not at all in the budgets of private institutions. As friendly little federal programs began to proliferate, some of us warned at the top of our lungs that federal aid would mean federal control. The money proved too tempting. Now the mendicant schools are strangling in red tape.

I like the principles of tuition tax credits—fairness, variety, healthy competition to the public school monopoly, better opportunities for inner-city blacks. The approach makes sense. But if the plan should create 18,000 recipient institutions, forget it. □

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OUTLOOK

ECONOMY

Slower Economic Growth, More Inflation Predicted

The U. S. economy is forecast to grow more slowly during the next two years by the Economic Forecast and Survey Center of the National Chamber.

The nagging problem is inflation. National Chamber economists see Americans plagued with 6.5 percent or higher consumer price increases during the next five years.

"Consequently, interest rates, wages, and unit labor costs will remain high. Employment will grow more slowly and unemployment will remain above six percent," the center predicts.

Elsewhere, economists are talking much the same on inflation prospects. "Inflation is now over ten percent and we see no signs of relief," is the gloomy assessment from the Applied Financial Economics Center at Claremont College in California.

But Robert S. Strauss, President Carter's chief inflation fighter, is more optimistic. He predicts inflation will peak this year.

"It will drop down, but I don't think it will be the 7.2 percent that has been talked about. I think it will be closer to eight percent."

PHOTO: LEROY WOODSON



White House's Strauss: Predicting inflation will peak this year.

Governors attending the end-of-summer National Governors' Association meeting told Mr. Strauss they were carefully watching the negotiations with postal unions. Many said they were doing their part to fight inflation by keeping public employees' wage hikes to 5.5 percent a year. But, they added, there would be problems if postal employees get a lot more.

Mr. Strauss says the administration's voluntary program "has thus far produced less results than we would have hoped." His solution: "We need more cooperation from the business community. We need more cooperation from the labor unions."

TAXATION

IRS Seeks Corporate Data on Travel, Entertainment

Despite a few complaints, the Internal Revenue Service plans to go ahead with a requirement for corporate income tax returns to include a special line for travel and entertainment expenses.

IRS wants to know the total amount claimed for entertainment, entertainment facilities, gifts, travel, and conventions, of the type for which substantiation is required under section 274(d) of the Internal Revenue Code.

The rule applies to any corporate fiscal year beginning after Jan. 1, 1978. An IRS spokesman says the first notice of the plan was released on Feb. 16, with a second announcement on July 28. He says the announcements would give most firms more than a year to prepare for filing the tax returns.

There have been complaints, which the IRS spokesman describes as "mostly from accounting firms." One such firm, Arthur Young & Co. of New York, asked the IRS to withdraw or postpone the disclosure question because it "imposes an unreasonable and costly burden on corporate taxpayers."

In a letter to IRS Commissioner Jerome Kurtz, the firm's director of tax practice, Robert E. Hanson, says that the IRS "has yet to explain either the need for or intended use of the data. The question is still unclear and the instructions provide taxpayers with no meaningful guidance for compliance." He also complains of inadequate advance notice.

CORPORATIONS

Business, Labor, Congress Agree to Overhaul ERISA

Relief may be in sight for pension plan managers who have been plagued by government red tape, processing delays, and confusion since the Employee Retirement Income Security Act was enacted four years ago.

The biggest problem has been overlapping jurisdictional authority. Under current ERISA provisions, the Departments of Treasury and Labor both have authority to issue regulations and decisions.

The administration proposes to clarify the jurisdiction. But in the Senate, where at least seven bills to amend ERISA, are under consideration, Sens. Harrison A. Williams (D.-N. J.) and Jacob K. Javits (R.-N. Y.) propose to eliminate dual jurisdiction altogether by establishing a single agency responsible for all ERISA functions.



Labor Sec. Marshall: A plan to end the confusion of joint jurisdictions.

The National Chamber has voiced strong support for the administration's proposal. "The current division of responsibilities between the Department of Labor and Treasury. ... has contributed to pension plan terminations, stymied new pension plan growth, and has occasioned numerous employer complaints," National Chamber President Richard Lesher wrote in a letter to President Carter. "Money wasted on excessive regulations reduces benefits to retirees."

The reorganization plan proposed by the administration would place all responsibility for funding, participation, and vesting of benefit rights in the Treasury Department. However, the Labor Department would continue to have veto power over Treasury decisions that significantly affect collectively bargained plans.

ERISA prohibits transactions in which self-interest or conflict of interest could occur, but allows certain exemptions from the prohibitions. Labor would have statutory authority for fiduciary obligations. And both departments would retain enforcement powers—the Treasury to audit plans and levy tax penalties, and Labor to bring civil actions against plans and fiduciaries.

The administration's plan is only an interim arrangement. After the Labor and Treasury departments have had a chance to administer ERISA under the new plan, the Office of Management and Budget and the Labor and Treasury departments would jointly evaluate their experience.

Based on that evaluation, early in 1980, the administration would make appropriate legislative proposals to establish a permanent administrative structure for ERISA.

AGRIBUSINESS

Carter Administration Asks Federal Crop Insurance

The Carter administration is urging Congress to act on a bill that would protect at least 18 different farm commodities against natural disasters.

Rice, tobacco, soybeans, sugar beets, corn, timber, and forests are all a part of a bill, S. 3092, the business community stongly opposes because of the adverse impact on the private sector.

Under the bill, farmers would be eligible for federally subsidized insurance coverage from the Commodity Credit Corp. Agriculture Secretary Bob Bergland says the government insurance could be sold through approved private insurance agents in addition to local USDA offices. "Private insurance agents will be able to contract with the USDA to sell the insurance policies on a commission basis," he says.

The business community says the bill would destroy the private hail insurance industry and could cost 50 to 100 percent more than the White House's estimate of $542 million annually.

Business recommends deleting the coverage for hail, fire, and lightning; authorizing reinsurance for private companies; and administration of such an insurance system by the Federal Crop Insurance Corp. rather than the Commodity Credit Corp.

PHOTO: JOHN DEERE CO.



Crop insurance: Business warns of excessive government interference.

SMALL BUSINESS

Export Assistance for Small Businesses

A national outreach campaign to inform small businesses about exporting and foreign investment is under way by the Carter administration, which wants to do something about boosting total U. S. exports and believes that small firms can play a vital role.

"Traditionally, small independent enterprises in the U. S. have considered their markets to be the towns, states, or regions in which they are located," says Michael Deegan, director of the Small Business Administration's Office of International Trade. "Now we are stressing the theme: 'The Small Business Market Is the World.'"

Last year, overall U. S. export sales totaled $120.1 billion. Two thirds of all exporting firms were small businesses, but they grossed only five to ten percent of the total sales.

So, four federal agencies, the SBA, the Export-Import Bank, the Department of Commerce, and the Overseas Private Investment Corp. have put together a program of seminars, written materials, and free advice for those small firms wanting to learn more about how to export their products or invest capital in foreign markets.

This month, seminars will be held in Detroit, Mich.; Houston and San Antonio, Texas; Milwaukee, Wis.; Winston-Salem, N. C.; and Boise, Idaho. In November, conferences will be held in Cincinnati, Ohio; Pittsburgh and Erie, Pa.; Rochester, N. Y.; and Denver, Colo.

In addition to their external efforts to inform small firms, each agency will adjust internal priorities to aid firms wishing to export or invest. In fiscal 1979, SBA plans to reorder its priorities to provide up to $100 million of its loan guaranty authority for small businesses wishing to engage in export-oriented activities.

Fake SBA Consultants Bilking Businesses

"A new and highly sophisticated breed of con artists" is operating in all 50 states, bilking small businesses out of large amounts of money, warns the Small Business Administration.

The agency says these con men and women pretend to be SBA representatives or employees and offer to get special deals for small firms, including

reduced prices on supplies and equipment from defaulted or bankrupt SBA loan clients.

But, they always tack on a substantial fee for their troubles, be it advising firms on how to get an SBA loan or providing inside pull at the agency. When promises do not materialize, the small businessman or woman is told by the con artist that the loan application was turned down or the equipment was unavailable. In either case, the flim-flammer's fee is non refundable.

INTERNATIONAL BUSINESS



Banking: Equity demanded same rules.

Bill Tightens Reins on Foreign Banks in U. S.

The reins are being pulled on foreign banks operating in the U. S.

The International Banking Act, passed by Congress in August, restricts the ability of foreign banks to establish branches in the U. S. outside of their home states and provides, for the first time, federal regulation of foreign operations in this country.

There are 125 foreign banks operating in the U. S. with their fast-growing assets topping $103 billion. The Federal Reserve Board, which will set reserve requirements for the banks, supported the bill.

"We felt equity demanded that foreign banks play under the same rules as domestic banks," says Kenneth A. Guenther, assistant to the board for congressional liaison. "They had rights in this country superior to those of domestic banks."

The bill limits new branches of foreign banks to deposits relating to their international operations.

Other provisions of the bill include examinations of foreign bank affiliates by federal bank regulators and permission to obtain insurance from the Federal Deposit Insurance Corporation.

Foreign Direct Investment Up $3.3 Billion in 1977

While foreigners were increasing their investments in the U. S. by $3.3 billion in 1977 to $34.1 billion, Americans were continuing to add to their investments abroad at a healthy rate.

The U. S. direct investment position abroad increased by $12.4 billion to $148.8 billion, according to the Bureau of Economic Analysis in the Department of Commerce. This was a nine percent increase, compared to ten percent in 1976.

The position is the net book value of U. S. direct investors' equity in and outstanding loans to foreign affiliates.

Equity and intercompany outflows to U. S. foreign affiliates increased 25 percent in 1977, to $4.9 billion. Outflows to manufacturing affiliates declined for the third year in a row, reaching the lowest level since 1963. However, increases in outflows to petroleum and other affiliates more than offset the decline.

The foreign direct investment position in the United States, which increased 11 percent over 1976, is the net book value of equity in and outstanding loans to U. S. affiliates.

The $3.3 billion increase in the foreign position consisted of equity and intercompany account inflows of $1.8 billion, reinvested earnings of incorporated affiliates of $1.6 billion, and a small negative valuation adjustment.

BUSINESS TRENDS

Corporate Mergers Show Sophisticated Planning

More corporate sophistication distinguishes today's merger and acquisition activity from that of the 1960's.

Lessons learned from the unsuccessful acquisitions of the "conglomerate era" have led to more intensive and realistic planning on the part of management, say James W. Bradley and Donald H. Korn in a study for Arthur D. Little, Inc., of Cambridge, Mass.

They say the number one reason for the increased activity is relatively modest stock prices compared with true asset values. In addition, they say inflation makes purchases of existing companies less costly and less risky than investment in R & D and new construction.

"Even paying a big premium over market price, firms are still paying less than they would to erect new plants and equipment," Mr. Bradley says.

The new study says the current focus of acquisition activity based on sales growth, profit potential, and impact of federal government policies,is: electronics, agribusiness, financial services such as insurance, energy-related business, and companies in specialty chemical and health care fields.

Labor Survey Forecasts Drop in Young Workers

Although parents will have a harder time finding babysitters and lawn cutters, businesses will continue to enjoy a good supply of workers as youths belonging to the tail end of the baby boom enter college or the work force.

The Bureau of Labor Statistics says, however, that during the 1980's there will be a sharp decline in both the number and proportion of youths entering the work force. Those in the 16 to 19-year-old category will account for most of the decline.

The total numbers of working men and women in that age bracket each will decrease by 1.7 million by 1990. In 1977 there were 8.167 million men and 8.303 million women in that category.

ENERGY

McCormack Raps Carter on Nuclear Waste Disposal

Scientists have developed a way to convert nuclear wastes into glass, seal it inside stainless steel containers, and bury it deep under the ground where there has been no geologic activity for at least a million years.

The new technique can safely dispose of harmful by-products of nuclear generating stations operated by the electric utility industry. Why, then,

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have public officials failed to speak out on the new technology and put to rest "much of the apprehension concerning nuclear energy?" Rep. Mike McCormack (D.-Wash.) wants to know.

Rep. McCormack called for such assurances from President Carter and Energy Secretary James Schlesinger in a discussion of the nation's energy situation in a recent Mutual Broadcasting System public service program on energy issues, produced by the National Chamber. Rep. McCormack, a scientist, is a member of the House Science and Technology Committee.

"The problems (of nuclear waste disposal) are entirely institutional," he said. "If the press would simply face up to the truth, and the President would stand up and exert some leadership, the problem (of the public's apprehension) would substantially go away."

Beginning this year, according to Rep. McCormack, nuclear wastes now stored at a facility at Hanford, Wash., will be converted to glass.

Appearing with Rep. McCormack on the National Chamber program was, among others, Herbert S. Richey, president and chief executive officer of The Valley Camp Coal Co., Cleveland. "The leadership, in establishing a national energy policy, has relied on opinion polls rather than scientific facts and the reality of life," he said.

PHOTO: GEORGE TAMES



Rep. McCormack: Problems of nuclear waste disposal are institutional.

Transportation of Energy Supplies Under Study

The federal government, through the Transportation and Energy Departments, is conducting a study to determine if the nation's transportation system is adequate to accommodate future energy needs.

Specifically, the joint DOT-DOE study group will look at the movement of coal, crude oil and petroleum products, natural gas, nuclear fuel, and electrical power to 1985 and beyond. DOE will pick alternative scenarios based on predicted energy supply and demand, and DOT will use computer modeling to determine how energy will be moved from supply to consuming areas. This will be broken into 173 geographical regions.

The joint study team will review at least eight issues affecting the transportation of energy. These include the railroads' ability to meet future capital needs; coal slurry pipelines; highway requirements for transporting coal; crude oil and petroleum products distribution; electric power transmission and distribution; movement of nuclear waste; impact of increased train traffic on local communities; and natural gas transportation, including transportation of liquified natural gas.

Public comments may be made until Nov. 15, 1978.

INSURANCE

Insurance Antitrust Exemption Threatened

The insurance industry thus far has remained exempt from federal antitrust laws, but if legislation introduced by Rep. John J. LaFalce (D.-N. Y.) is enacted, insurers will face a new form of government regulation.

Four bills introduced by Rep. LaFalce spell out alternative ways in which federal antitrust laws might be changed to effectively encompass the insurance industry. The McCarran-Ferguson Act, providing this exemption, was passed in 1945 to overrule a U. S. Supreme Court decision, which stated that the insurance industry was involved in interstate commerce and subject to U. S. antitrust laws.

The four alternative bills would repeal the McCarran-Ferguson Act; amend that act to require effective state regulation to qualify for an exemption from federal oversight; clarify that the exemption from federal regulation pertains strictly to insurance matters—not to matters such as advertising and investment; and eliminate the portions of the McCarran-Ferguson Act that exempt the insurance industry from federal oversight, but retain that part of the act that permits state taxation of the industry.

REGULATION

Citizen Review Is Sought for Federal Regulations

Americans who think they are overregulated may get their own citizens commission to try to do something about it.

Sen. John G. Tower (R.-Tex.) has introduced S. 3459, a bill to establish a Citizens Commission on Economic Regulatory Oversight to study federal economic regulation and to recommend the elimination of unnecessary regulatory agencies and laws.

The 12-member commission would hold town hall meetings throughout the country and establish a telephone hotline for citizens who want to register complaints.

Sen. Tower says that in 1976 the total regulatory burden was $66.1 billion, or $3.2 billion in administrative expenditures and $62.9 billion in compliance costs. Meanwhile, the federal budget for regulation is increasing. A report from the Council on Wage and Price Stability warns that additional costs to business and consumers for regulations coming up before the federal agencies next year could be as high as $35 billion. □



Sen. Tower: Would give citizens a direct voice in deregulation.

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SOUND OFF TO THE EDITOR

Should D. C. Be Granted Full Voting Rights?

WITHIN the next seven years, state legislatures will have to decide whether to grant the District of Columbia the privilege of electing its own representatives to serve in the U. S. Congress. Currently, residents elect a nonvoting delegate, but Congress has approved a constitutional amendment that would give the district full voting representation—two senators and probably one congressman.

Although the statehood measure received bipartisan support in the Senate and the House, the issue has raised many questions.

"The District of Columbia was constituted the federal city, neutral territory, a place where Congress could legislate in the national interest ... free of local intrigue or politics," says Sen. William L. Scott (R.-Va.).

Sen. Scott, along with Sen. Ted Stevens (R.-Alaska), argues that congressional representation is based on geography as well as population. They say that if it is a question of district residents voting, they should vote in Maryland or Virginia as they did before 1800, when the district was created.

Sen. Orrin G. Hatch (R.-Utah) calls the amendment constitutionally defective "because it would create a quasi-state out of a city, contrary to the Constitution."

But proponents of the amendment are calling it the civil and human rights battle for 1978. Others contend that the district is a prime example of taxation without representation.

Ruth J. Hinerfeld, president of the League of Women Voters of the United States, says: "After years of taxation without representation, the District of Columbia is about to shed its status as the last colony in the United States."

Walter E. Fauntroy, who has been the district's nonvoting delegate in the House for the past seven years and a major force behind passage of the statehood amendment, says he hopes it will be ratified by the necessary 38 states by 1980. "We are appealing to the state legislators' sense of fair play and justice," he says.

Latest census figures—estimated for 1977—show that the district, 67 square miles with a total population of 690,000, is more populous than seven states: Alaska, Delaware, Nevada, North and South Dakota, Vermont, and Wyoming.

Some state legislatures have already started ratification of the amendment, but most will take up the issue when they convene in 1979. Should the District of Columbia have the full voting privileges of the 50 states? What do you think? ☐

PLEASE CLIP THIS FORM FOR YOUR REPLY

Wilbur Martin, Editor
Nation's Business
1615 H Street N. W.
Washington, D. C. 20062

Should D. C. citizens be given full voting rights? ☐ Yes ☐ No

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IS A REGULATORY REVOLT NEXT?

By Mary Paul

Consumers are awakening to the high cost of government regulation

IT IS ONLY A MATTER OF TIME before the American consumer realizes that inflation is not the only cause of higher prices. Government regulation, increasing a hundredfold every year, is also costing the consumer, and more and more business executives and economists are convinced that an awakening is at hand.

In the past, businesses have tried to absorb some of the costs of regulation, but, like a paper towel, there is a limit. Those increasing costs are now becoming more evident to the consumer in the form of higher prices.

As a result, there are signs of a coming consumer uprising. Dr. Murray L. Weidenbaum, director of the Center for the Study of American Business at Washington University in St. Louis, is convinced that consumer resistance to regulations that cost much and do little is growing.

Consumers, he maintains, are tuning in to the high cost of government regulation and beginning to understand that they must ultimately pay the tab.

"I like the tax revolt, as exemplified by Proposition 13 in California, because the regulatory revolt comes next," he says.

He points to the consumer mini-revolts over the automobile ignition interlock system and the saccharin ban as proof that people want regulation out of their lives and are making themselves heard.

"If government regulation were just a problem for business, I would despair of a solution," he says. "But it is a problem for the taxpayer, the motorist—in fact, all consumers."

> "The consumer pays for regulation in higher prices for goods and services."

Recent opinion polls show that there is growing ferment in the consumer ranks. "We see a downturn in the proportion of people who think government regulation is a good way to make business more responsive," says Harry W. O'Neill, executive vice president of the Opinion Research Corp., Princeton, N. J.

A just-released poll showed that 50 percent of those interviewed felt government regulation was making business responsive to their needs, down from the 60 percent who thought so in 1973.

"People are concerned about government regulation today," Mr. O'Neill continues. "They think that, overall, there is too much regulation."

Marvin H. Kosters of the American Enterprise Institute says opinion polls bring out mixed feelings about regulation among the public. "In general terms, consumers react negatively if just asked about regulation," he notes. "But when asked if regulation is necessary to protect them, they will say yes—particularly if it's needed to make business provide safe products."

Consumers do another turnaround.

PHOTO: GEORGE TAMES



American consumers, while aware of steadily rising prices, have not yet awakened to the cost of government regulation on goods and services, which is an estimated $500 this year for every man, woman, and child in the nation.

however, if asked about specific products like laetrile and saccharin, saying they don't want these products regulated.

Consumers have already made themselves heard in the area of airline deregulation. That will mean cheaper fares through more practical service and less of what Mr. Kosters refers to as "competition by macadamia nuts."

David Boies, chief counsel and staff director of the Senate Judiciary subcommittee on antitrust and monopoly, agrees. "The intensity of the consumer's recognition that government regulation is working against him has magnified considerably over the past four years," he says.

"In 1974, when we started the airline deregulation hearings, there was no constituency for reform among consumers. Today, a very large proportion of people recognizes the problem. Judging from the letters we get, there are a lot of people out there making government deregulation a matter of political concern."

Mr. Boies says the letters on regulation range from the way social security is administered to the cost burdens of the Occupational Safety and Health Administration.

> "Government regulation is not just a problem for business . . . it is a problem for all consumers."

Mr. O'Neill feels the idea of regulatory revolt will not become a real political issue until regulation can be linked to inflation, and someone hoists a banner for consumers to follow.

"People are very distressed about inflation. To the extent that someone can tie regulation to inflation, you'll get the same reaction you got with Proposition 13," he contends.

Dr. Weidenbaum is trying. He is stumping around the country on a breakneck schedule that brings him before business and college groups and to Capitol Hill. His message is simple and always the same: The consumer pays for regulation in higher prices for goods and services.

Dr. Weidenbaum estimates that in 1979 the impact of government regulation on consumer goods and services will cost every man, woman, and child $500 annually, up from about $300 in 1976.

This cost of compliance is passed on to the consumer, boosting the cost of living by $2,000 a year for a family of four.

"That's a pretty inflationary chunk of the family budget," Dr. Weidenbaum says.

Meeting government environmental and safety standards alone, for example, adds $666 to the price tag for an average automobile, he estimates. This figure does not take into account the costs of plant safety and pollution control or the impact of government regulations on component parts.

The consumer is also paying the price, through taxes, for keeping gov-



Economist Murray Weidenbaum says American consumers are turning off to costly government regulations that don't work. He predicts a "regulatory revolt" will follow the taxpayers' revolt in the wake of Proposition 13.

ernment regulators in a business Dr. Weidenbaum calls a "growth industry." Outlays for 41 federal regulatory agencies are growing faster than the Gross National Product, the population, and federal government expenditures as a whole, he contends. In fiscal 1979, he says, taxpayers will fork over $4.8 billion just to keep the regulatory machinery oiled—more than double what they spent five years ago.

But the high price of government regulation, Dr. Weidenbaum continues, doesn't end with high prices. Regulation may cost the consumer his or her job because of hikes in the minimum wage or closure of small businesses and factories burdened by paperwork and unable to buy the costly equipment needed to meet new federal safety and pollution standards.

Dr. Weidenbaum notes that dozens of foundries—a typical small business industry—have had to close their doors in Ohio, Pennsylvania, Alabama, Michigan, Illinois, Wisconsin, and Kentucky because of their financial inability to comply with federal standards.

The Senate Select Committee on Small Business estimates that compliance with the regulations of OSHA and the Environmental Protection Agency will drain between 15 and 20 percent of the industry's total capital in the 1970's, diverting significant sums of money from foundry modernization and expansion. The reduced competition from fewer businesses and continued use of antiquated methods of production mean one thing—higher prices to the consumer.

Jeffrey H. Joseph, director of government and regulatory affairs for the Chamber of Commerce of the United States, says many major corporations have themselves begun to measure the impact of regulation on their operations.

"The Dow Chemical Co. released findings of a study which noted that the impact of federal regulatory costs on all Dow Chemical U. S. A. operations increased by more than 27 percent from the prior year to $186 million," Mr. Joseph says.

Costs staggering

Paul F. Oreffice, president of Dow, says: "If our 27 percent increase is typical, and I have no reason to believe that it is not, can you think of anything more inflationary to the U. S. economy?"

Says Mr. Joseph: "These costs represent only one company in only one industry; think what the total costs are for all U. S. industry."

The investor also feels the effect, says Mr. Joseph. Approximately $10 billion of new private capital spending is devoted each year to meeting governmentally mandated environmental, safety, and similar regulations rather than being invested in profit-making projects.

Dr. Edward Denison, senior fellow of the Brookings Institution, estimates that these deflections of private investment from productive uses have resulted in a loss of about one fourth of the potential annual increase in productivity. Although not directly calculable, the result is to exacerbate the already strong inflationary pressures in the American economy.

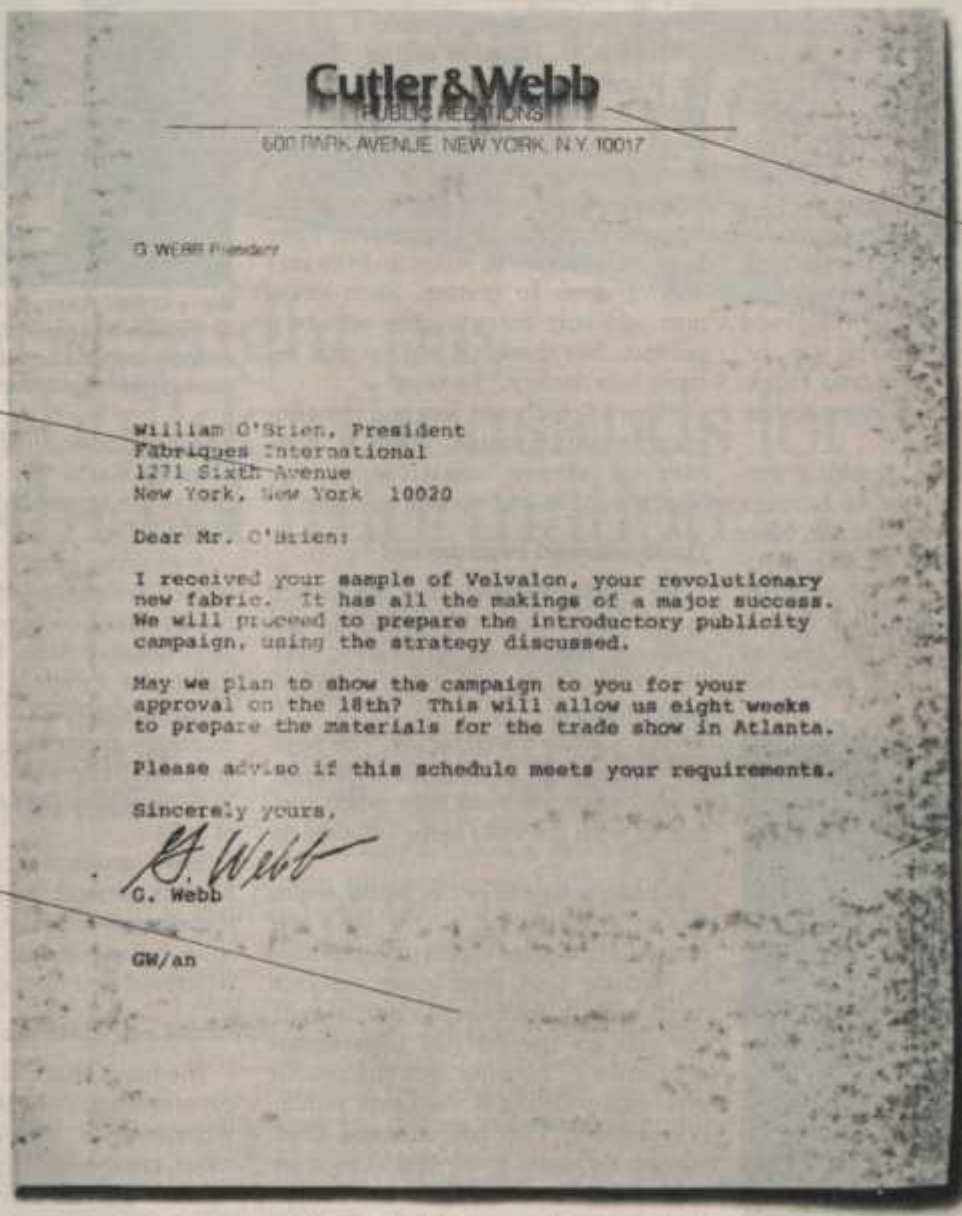
While there is a public awareness of inflation, there is a split of opinion over how aware the public is of the effect of regulatory costs. A good example is the reaction to attempts by both the administration and Congress to deregulate the trucking industry.

Immunity questioned

For many years the Interstate Commerce Commission has permitted carriers to form rate bureaus for the purpose of setting rates. The Council on Wage and Price Stability is now urging the ICC to reconsider its grant of immunity from antitrust laws to these regional bureaus. Sen. Edward M. Kennedy (D.-Mass.) is preparing to introduce legislation that would bring them under antitrust laws. Consumers, however, have steered clear of the issue.

"Airline deregulation results in lower fares, and that is something people

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can readily appreciate," says Mr. Kosters of AEI. "It is probably true that trucking rates would be just as much affected by deregulation, but the problem is that people don't actually buy trucking goods. The cost of regulation here is buried in the cost of a finished product, and people have only a dim perception that they are paying for transportation at all."

Too much paperwork

Although it's only a small part of the problem, says Mr. Boies, consumers do react to the high costs of moving household goods. Arthur E. Morrissette, president of Interstate Van Lines in Springfield, Va., knows this to be true. At a recent social gathering, Mr. Morrissette reports, he made a remark about the high cost of living, and a woman, unaware of who he was, responded: "It's worse than you think. Have you gotten a moving estimate lately?"

Interstate fuel taxes, trucking permits, and the administrative burdens of too much paperwork, says Mr. Morrissette, make moving an expensive proposition for the public. "It certainly doesn't make the mover a great deal of money," he says. "One of the reasons we get complaints, in fact, is not because moving really costs so much but because of the service. We can't pay the wages necessary to attract the best people and still make a profit."



General Motors Vice President H. L. Duncombe, Jr. says the driving public will be up in arms when it can't get big cars due to government regulations.

Mr. Morrissette estimates that the movers themselves are earning only $4.00 an hour, office help gets $5.45, and top management in moving firms averages only $10.50 hourly. "How can we provide the public with real quality service for that pay?" he asks.

Thomas D. Hopkins of the Council on Wage and Price Stability says the public is oblivious to the cost of government regulation. "Consumer groups usually have a set of special concerns," he contends. "They're not apt to be too interested in the cost question. They have an objective in mind, and the cost doesn't seem to matter. Each cause may add only a tenth of a cent to a product, but those all add up and become inflationary," he says.

"There's really not a strong constituency for anti-inflation. There is, however, a strong constituency for objectives that end up adding costs."

Unconcerned consumers

Mr. Hopkins reports that the council rarely hears from the public on the proposed regulations it reviews, even though the costs may hit the pocketbook directly.

"It's a little discouraging," he says. "In areas such as OSHA, consumer groups have not been very much concerned with the costs being imposed on them."

A basic area where the public seems aware it is paying a stiff price for many forms of government regulation is housing. One prestigious research firm recently conducted a public opinion poll on the costs of government regulation of housing, but the results were so dismaying it was never publicly released. The poll showed that, while consumers knew that they were paying thousands of dollars more for their homes because of federal, state, and local regulations, they were resigned to the fact.

Estimates of the cost of regulation to a $50,000, median-priced, single-family home range from a little more than $2,000 to almost $10,000. Dr. George Sternlieb of Rutgers University's Center for Urban Policy Research puts the price tag at $9,844 for a single-family dwelling.

The development stage is by far the most costly, with regulations accounting for $5,115. At the construction stage, regulations add another $4,129, and $600 more at the occupancy stage.



Harry O'Neill, executive vice president of Opinion Research Corp., sees a definite shift in consumer opinion on government regulation.

The total, multiplied by the 1.4 million housing starts last year, brings the cost to the home-buying public to nearly $14 billion.

A growing number of housing regulations are at the federal level. Adding to new home costs are: The Clean Air Act, Coastal Zone Management Act, Consumer Product Safety Act, Noise Control Act of 1972, FHA and VA mortgage programs, national flood insurance programs, OSHA, and the Real Estate Settlement Procedures Act of 1974.

State governments impose additional costs through building codes, sewer moratoria, another layer of coastal zone management, critical area restrictions, and land development acts.

Local regulations costly

The lion's share still belongs to local governments, which impose bonding requirements, building codes, energy codes, engineering inspection, environmental impact review, mechanical codes, plat review, soil disturbance testing, utility connection fees, water connection approval and fee, and zoning.

Economist Robert J. Sheehan of the National Association of Home Builders of the U. S. in Washington, D. C., feels home buyers aren't totally aware of the regulatory prices they're paying.

"We get complaints on the price of housing," he says, "but most people don't know about the cost of regulation. If they ever realized the total cost, they might get excited."

H. L. Duncombe, Jr., vice president and chief economist of General Motors



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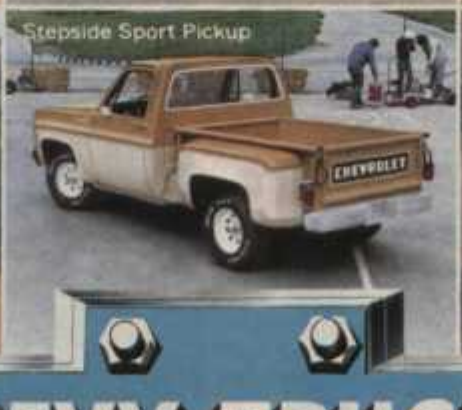














CHEVY TRUCKS

BUILT TO STAY TOUGH

Corp., feels that any regulatory revolt, when it comes, will be over the products themselves, not prices. "As long as we can meet government regulations and give people the cars they want, we won't have a revolt," he says.

"But people get quickly upset when the regulatory process violates their concept of what is right," he adds, pointing to the stir over the ignition interlock system, which would have made it impossible to start a vehicle unless the seat belt was in use.

Decided preference

Federal fuel conservation standards will cause a revolt in the mid-1980's, Dr. Duncombe predicts, when a car weighing in at only 3,500 pounds will become the "Cadillac of the line." Many customers will still want and need a large-size car but won't be able to get one. That, Dr. Duncombe believes, will cause consumers to insist on being able to buy the kinds of cars they're accustomed to driving.

An example of consumer determination to have what he wants in transportation is illustrated by the decided preference for big, noisy motorcycles. EPA, with the best intentions of reducing noise levels, has proposed regulations that would force motorcycle manufacturers to retool and would cost consumers $200 million a year.

The Council on Wage and Price Stability, however, has objected. "Motorcycles are not noisy now when they come off the assembly line," says Mr. Hopkins. "People soup them up.

"The manufacturer would have to redesign the bikes with no assurance they would be quiet because of the probability they will be rebuilt." The council has told EPA it feels the problem should be attacked at the local level.

At that level, regulations are also mushrooming. Until recently, they primarily affected housing costs, but restrictions have also been growing in the area of auto emissions, safety, and product labeling. "You just have to fight fires in every community," says Mr. Sheehan of NAHB.

Clear understanding

Commerce Secretary Juanita M. Kreps is convinced that increasing regulation will not be halted until there is a clear understanding of the total benefits and costs.

"Next to fiscal and monetary policies, regulatory policy probably has a greater impact on the economy than anything else government does," she says. "It is time that we developed a system for calculating that impact and for identifying those areas where government is pursuing policies that are contrary to the public interest."

Secretary Kreps says most businesses can identify the costs which rules and regulations impose on them, but there are additional economic costs which are never adequately toted up: "The cost of business opportunities forgone, of investments not made, of local decisions influenced by regulations, and of new technologies that are modified or suppressed because they are perceived to pose future dangers."

"The sophisticated consumer," says the Secretary, "is aware that the costs of regulation either must be added to the prices of products or paid for by taxpayers' money. But some consumers believe that all these costs are absorbed by business and cost them nothing."

"I have enough faith in American consumers to believe that if they understand the true costs of regulation and that these costs are eventually paid by them, they will make the final decision on whether we need more or less regulation." □

To order reprints of this article, see page 86.

The Web of Regulation

Federal regulations have become like the strands of a million spiders' webs—they are almost impossible to avoid.

Last year alone, 10,412 bills were introduced in the House of Representatives; 2,387 were introduced in the Senate. Many of these legislative proposals were aimed at business, either creating new regulatory agencies or adding to the jurisdiction and power of existing ones.

Much of this legislation receives publicity, and much of it never emerges into law. Almost unnoticed, however, is the myriad of federal rules, regulations, and directives issued daily by government departments, bureaus, and agencies. These orders, which fill thousands upon thousands of pages of the "Federal Register," carry the full weight of law, but without congressional mandate.

The power and pervasiveness of the regulatory agencies, manned by more than 100,000 bureaucrats, is illustrated in a study completed last year by the Council on Wage and Price Stability. The council found that the steel industry must answer to no less than 27 federal agencies, 20 of which had been set up since 1970.

By the end of 1976, these agencies had issued more than 5,300 regulations covering everything from pollution emissions to how high a fire extinguisher should be hung on an office wall.

The study concluded that the industry could not make even routine decisions without considering the directives of some federal agency. Moreover, "if the trend in regulatory intervention proceeds at the pace of the past 10 years, there is no doubt that the American steel industry will become increasingly unwilling and unable to invest in new job-creating plants and equipment."

The study noted that the regulations issued by one federal agency often conflict with those of another. Just as often, federal regulations will conflict with state and local regulations.

The cost of all this regulation is staggering, not only in terms of personnel and paperwork but also in terms of sheer mental frustration. But it is a cost that is complex to figure. General Motors has tried. After much compilation, GM pinpointed an annual figure of $1.3 billion, which, the company pointed out, was more than it cost to operate the federal government during its first 75 years.

Eli Lilly and Co. estimates that it spends about $15 million a year on government paperwork, which is more than the firm is able to budget for research on drugs dealing with cancer and heart disease.

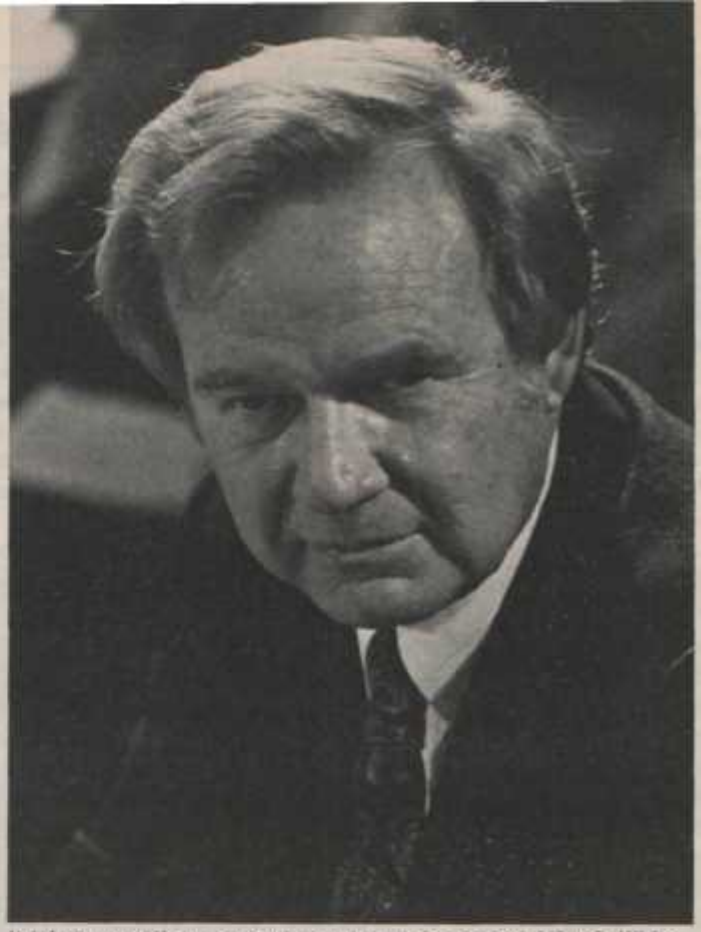
Other estimates are that business spends 143 million man-hours a year filling out 4,400 different federal forms, that the cost of paperwork is as much as $30 billion a year, and that the total cost to business of complying with government regulations will reach close to $100 billion this year.

Is it worth it? That question has as many answers as there are regulations.

Business PAC's Are Coming of Age

Corporate support of political candidates will rival labor's this year

By William Kroger



It takes more than money to run campaigns, says John C. White, Democratic National Committee chairman. Many business people, he feels, do not understand how the political process works.

IN RECENT WEEKS, Clark MacGregor has traveled to cities in Florida, New Jersey, New York, Indiana, Michigan, and Connecticut. These were no ordinary business trips—rather, Mr. MacGregor was tending to the business of politics.

In addition to being a vice president of United Technologies Corp., Mr. MacGregor is chairman of his company's political action committee. This is an election year, and the PAC, which was formed in March, 1976, is in full operation.

"Our PAC involvement this year will be comparable to our efforts in the 1976 campaign," Mr. MacGregor told NATION'S BUSINESS. Those efforts saw the bulk of $116,500 distributed to 22 Senate and 96 House candidates, both Democratic and Republican.

This election year, the company's PAC plans to give 25 percent of its funds to candidates in open races and those challenging incumbents.

United Technologies, manufacturer of Pratt and Whitney aircraft engines, Otis elevators, and Sikorsky helicopters, employs 130,000 people. About 6,000 of them are classified as management, executive, and administrative personnel who are solicited for contributions to the company's PAC, which is considered one of the most active in the business world.

Mr. MacGregor said his firm's PAC has had a 17 percent return on its solicitations, with an average contribution of $120 so far.

Not far from the Washington office which Mr. MacGregor heads for United Technologies is the office of a PAC veteran, Al Barkan. Since 1963, Mr. Barkan has been national director of the Committee on Political Education, the AFL-CIO's national political arm.

COPE well-organized

COPE was formed when the American Federation of Labor and the Congress of Industrial Organizations merged in 1955, well before modern business PAC's were even thought of. COPE headquarters is in Washington, but each state AFL-CIO has its own COPE, which works with the national office. The nationwide operation, with more than two decades of experience, is streamlined and sophisticated.

Business-related PAC's, on the other hand, are a much more recent arrival on the political scene. The reason for this is simple—since the early part of this century, federal law has prohibited corporate contributions to political candidates. This kept corporations from getting involved in politics, at least publicly.

A law passed in 1971 embraced the concept that corporations and other groups could use a separate, segregated fund to support political candidates. But the law created more confusion than certainty, and most corporations were still reluctant to get involved in actions which might lead to lawsuits. The law was amended in 1974, and the Federal Election Commission was created.

In April, 1975, the FEC began operations, and that fall it said a PAC set up by the Sun Oil Co. was legally valid. That decision opened the floodgates. Prior to 1975, there were about 100 business-related PAC's; by January, 1976, the number had doubled. Today, there are more than 700 company PAC's, and about 400 trade and professional association PAC's.

In fact, says Raymond A. Hay, president and chief operating officer of the LTV Corp. in Dallas, "a sign of the times at corporations today is the increased importance and effectiveness of political action committees—copying the successful methods and tech-



Bill Brock, Republican National Committee chairman, says that too many business-related PAC's contributed funds to incumbents in 1976 and then complained about the legislative actions those same incumbents took throughout the 95th Congress. Business PAC's have a way to go and much to learn, he says.

A Prelude to 1980

The Nov. 7 election promises to be just as ho-hum as other nonpresidential elections of recent years.

Voter turnout will be low, the majority of congressmen seeking reelection will be returned, and one or two major or minor upsets may occur.

But there are forces at work that may make some big differences in the next Congress and in the presidential election of 1980.

For example, more members of Congress are retiring this year than ever before, guaranteeing new faces in the 96th Congress.

The Senate had 18 new members in 1977. This year, through either death or retirement, about 13 Senate seats are already open. When Congress convenes next January, about one third of the senators will be new or have served less than three years.

Some major Senate committee assignments will also change. For example, the chairmen of the Foreign Relations and Judiciary committees are not seeking reelection. The change in these chairmanships will affect other committees.

Also, there should be more Republicans in the new Congress. Bill Brock, chairman of the Republican National Committee, anticipates that 15 to 20 House seats will be picked up by Republicans. The GOP should hold its own in the Senate, he says.

Mr. Brock says the GOP wants to use this election to build a base from which to operate: "1980 is when we will make our break," he says.

Chairman John C. White of the Democratic National Committee says: "There will be some shifting in congressional seats, but I don't see enough to change the philosophical makeup of the House or Senate."

Political experts feel the 1978 election is setting the stage for 1980. What happens in that election may be determined by how well the Republicans build their bases, how well, or poorly, the President and the 96th Congress handle inflation, and by whether taxes go up or down.

niques which labor unions have employed in the past."

The grandfather of business PAC's is BIPAC, the Business-Industry Political Action Committee, which was set up in 1963 to offer business a political arm comparable to COPE. To understand how BIPAC and other business PAC's could influence elections, consider how COPE works.

The AFL-CIO has about 13.6 million members, who, if organized properly, can exert tremendous clout at the polls. Organization is where the national and state COPE's play key roles.

Voter turnout top priority

For months, COPE has been zeroing in on getting union members and their families registered.

In addition, the various candidates have been scrutinized to see who would be best in office for labor.

This year COPE plans to spend nearly $1 million on political candidates in a variety of races. In addition, the committee probably will spend about $2 million for voter registration, get-out-the-vote activities, brochures, and political education.

"We feel the registration and get-out-the-vote efforts are more impor-

How Labor Has the Edge

In New Jersey and Colorado, conservative candidates are running for the U. S. Senate. Both are viable candidates who, if elected, would be more likely to support business causes than their opponents.

But monetary support from business political action committees has not been impressive for either candidate so far. And what support has been given is heavily outweighed by the total support—contributions and other services—offered by unions and their political action arms to the more liberal candidates in those races.

For example, Bill Bradley is the Democratic nominee for U. S. Senate in New Jersey. A former New York Knicks basketball team forward and Rhodes scholar, Mr. Bradley easily won the nomination in a large field of candidates.

Federal Election Commission records show Mr. Bradley spending $767,000 through June, mostly to win the primary. Of that total, PAC money amounted to $27,879.

His opponent is Jeffrey K. Bell, a conservative Republican who left Ronald Reagan's staff following the 1976 presidential race to challenge New Jersey Republican Sen. Clifford P. Case, a liberal with 24 years of Senate service.

FEC records show Mr. Bell, who won the primary, spending nearly $500,000 through June. Of that total, PAC money, mostly from business, amounted to $27,002.

That's about the same as Mr. Bradley received from PAC's, but Mr. Bradley also has the endorsement of the New Jersey AFL-CIO. This means more than mere money because New Jersey is a stronghold of unions.

Charles H. Marciante, president of the state AFL-CIO, says that, collectively, "unions in the state have about one million people."

Union political efforts extend beyond membership to include families of members. Mr. Marciante says that, counting family members, labor has three to four million potential voters within the union framework. In a state with a 7.3 million population, commanding the attention of that many voters can make a big difference in an election.

Mr. Marciante and his political staff have been working for months to make sure union members and eligible family members will be counted come election time.

No one can put an exact monetary figure on the union services to candidates, but when contributions from all PAC's, business and labor, are about the same for each candidate, it is easy to see how the candidate supported by labor can have the edge.

The situation in Colorado is similar, but business and labor PAC money given to the liberal incumbent is far greater than PAC contributions to the conservative challenger.

The race is between Democratic incumbent Sen. Floyd K. Haskell and conservative Republican William L. Armstrong, a third-term congressman.

FEC reports show Sen. Haskell receiving $357,122 in contributions through June, with $120,785 coming from business and labor PAC's.

Rep. Armstrong received $306,211 through June, with PAC money, mostly from business, accounting for only about $45,000. A spokesman for the congressman said PAC support had increased recently, but the total was still less than the amount of PAC money in Sen. Haskell's coffers.

In addition, Rep. Armstrong had a Sept. 12 primary, which cost money. Sen. Haskell was unopposed in the primary.

Sen. Haskell's more liberal stance is certain to appeal to union members. Norman N. Pledger, president of the Colorado AFL-CIO, says unions comprise about 16 percent of the work force in his state.

Sen. Haskell's spokesman said: "I'm sure we'll reap some of the benefit from the extra efforts—registration, education, and get-out-the-vote activities—by Colorado unions."

tant than direct contributions to candidates," says a national COPE spokesman. He says that most direct financial contributions to candidates come from international unions. In 1976, all unions contributed about $8 million in direct financial support to national campaigns. But when the registration and get-out-the-vote activities are included, unions will probably spend about $16 million to $20 million on this election.

And, for the first time, business-related PAC's are expected to spend about the same, says Joseph J. Fanelli, president of BIPAC. Business-related PAC's gave about $8 million to candidates in 1976, he says.

"PAC's had some good experience in the 1976 election, but it probably will take two or three elections before we can see any trends on how business PAC's will operate," he said.

Still, with the increasing number of business and association PAC's, and their increased involvement, "we ought to see two to three times as much contributed to candidates as in 1976," he says.

A big difference between business and union PAC's, however, involves the supportive services offered by unions. Mr. Fanelli says these services—registration, getting out the vote, education, and telephone banks—"leave labor with an edge" over business in supporting political candidates.

He doesn't see much of this sort of activity by business in this election, but "when you think of the untapped talent available, business could outstrip labor in this area."

Mr. Fanelli says "the sophistication of business grass-roots lobbying and political action is infinitely greater now than it was 10 or 15 years ago. The record in this Congress has demonstrated that. It's very encouraging."

As of late August, BIPAC had given funds to 65 candidates. "We anticipate supporting candidates in about 135 to 150 races and will spend $300,000 to $400,000," Mr. Fanelli said.

Like most evolving movements, the business political committees are getting criticism from some quarters.

Statistics from the 1976 election show that most union political funds went to Democratic candidates. More than 50 percent of business PAC money also went to Democrats.

"In 1976 and 1977, the majority of business PAC money went to support antibusiness incumbents," says Bill Brock, chairman of the Republican National Committee. "That's like buying cancer on the installment plan."

Mr. Brock added that too many business-related PAC's spent most of their

available funds on incumbents in 1976, then complained about what Congress did. Business PAC's have "a way to go and much to learn," he says.

His counterpart at the Democratic National Committee, Chairman John C. White, laughs at such criticism and says: "I think it's just a recognition by both business and labor that Democrats do a better job."

Business should try to increase supportive services to candidates, he says. This "would be good for business and for the country, because it would generate more involvement in the political process," says Mr. White.

But it may not be realistic to turn the corporate world into doorbell ringers, says Bernadette Budde, director of political education for BIPAC. "There could be a broad range of political leanings within a corporation," she says, which would make it difficult to coordinate campaign efforts for a particular candidate.

One thing business can do, however, is urge management-level employees to vote, says John Kochevar, manager of public affairs for the Chamber of Commerce of the United States and treasurer of the Chamber's political arm, the Alliance for Politics.

"Management-level personnel tend to vote for business-oriented candidates," says Mr. Kochevar, "and in the coming election, with voter turnout expected to be very low, a few votes could make a difference in a race." In 1976, several races were won or lost by fewer than 2,000 votes.

The Alliance for Politics, formed in November, 1977, operates separately from the Chamber with strictly voluntary contributions from individuals.

Mr. Kochevar says the Alliance for Politics does not contribute funds directly to candidates or campaign committees, but it does provide services and materials to complement campaign activities. These include a clearinghouse of candidate and election information gleaned from nationwide research; trained people to help organize and instruct campaign leaders and workers in selected races; experts to advise candidates on media relations; and research on issues, voting records, and economic forecasts for specific congressional districts.

In short, says Mr. Hay of LTV, "business is coming out of the closet and taking stands on issues and making its opinions known. Instead of ignoring the legislative process and then bemoaning the results, business is assuming a role in that process." □



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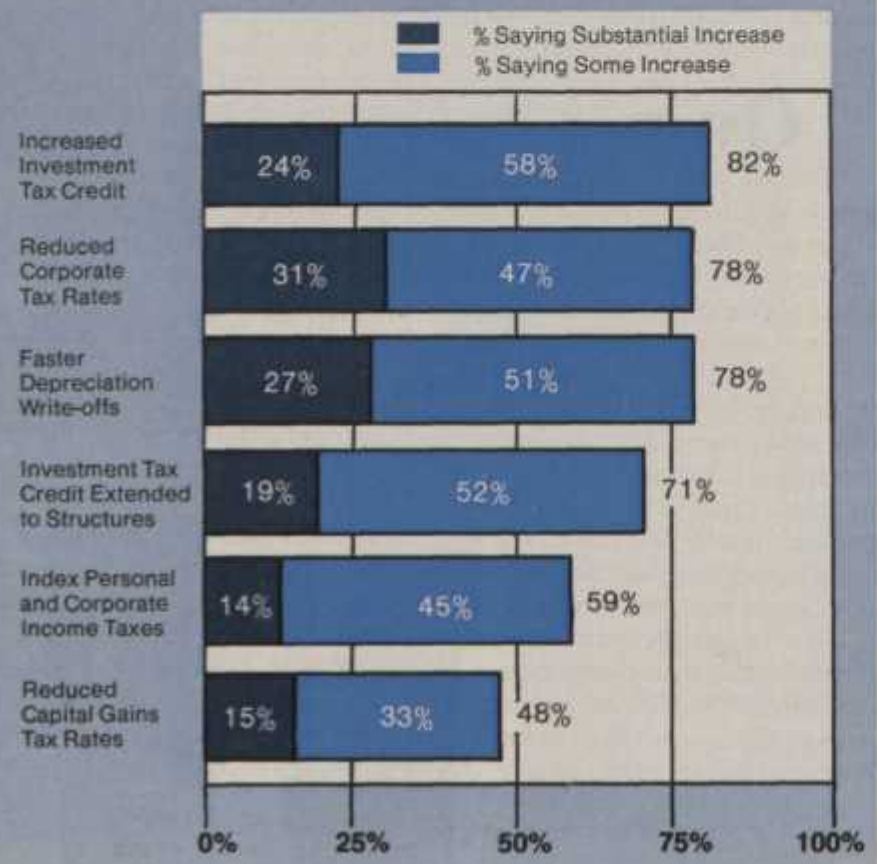
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EXXON INFORMATION SYSTEMS

Fear of Recession Grows Stronger

Percent of Affected Businesses That Will Increase New Plant and Equipment Investment During the Next 4 Years Because of Tax Relief



INFLATION, the nation's No. 1 economic problem, will not go away, and recession, the historical product of inflation, is coming nearer.

That sums up the conclusions of the 1,100 executives who responded to the quarterly business confidence survey conducted by the Chamber of Commerce of the United States and the Gallup Organization during July and August.

"Executives are becoming increasingly fearful that double-digit inflation will continue," says Dr. Jack Carlson, vice president and chief economist of the National Chamber. "Simultaneously, they fear a recession in the near future."

The average executive says there is a 49 percent chance of double-digit inflation through mid-1979, and a 54 percent chance through mid-1980.

At the same time, the average executive says there is a 39 percent chance of a recession by mid-1979 and a 55 percent chance that recession will be here by mid-1980.

"Not only are these percentages high," says Dr. Carlson, "but also they represent a steady upward climb."

In a similar poll this past winter, executives assigned only a 26 percent chance to a recession within 12 months, and only a 43 percent chance within 24 months.

The executives named the federal government as the major cause of inflation in the previous survey. Ninety-six percent ranked the federal deficit as the No. 1 inflationary factor. Other government causes were increases in social security taxes, federal government pay, federal minimum wage, and farm price supports.

"There is a strong and increasing belief that the government will do a poor job of fighting inflation and unemployment," says Jay Schmiedeskamp, vice president of the Gallup Organization. He notes that 72 percent of those responding to the poll now expect the government to do a poor job, compared to 55 percent in a poll conducted in 1977.

"Hardly any business people now expect the federal government to do a good job," he says. "This trend is parallel to a growing lack of confidence in

government among consumers." Mr. Schmiedeskamp surveys consumer confidence monthly.

Perhaps because government is seen as the major cause of inflation, four fifths of the executives expect that the administration's price guidelines will reduce inflation very little or not at all. Moreover, 91 percent say the guidelines are impossible or difficult to meet. Nonetheless, 55 percent now expect mandatory wage-price controls within two years, compared to only 31 percent last year.

Business leaders continue to be pessimistic about the general business climate in the short run; more than three quarters believe that "the business climate is becoming less favorable."

However, during the next five years, two out of five executives expect predominantly good times in the economy and only one out of five expect bad. The remaining two out of five expect a combination.

Eighty-two percent of the affected business leaders said investment in new plant and equipment by their companies would increase if the investment tax credit were increased. (But a significant increase in the amount of the credit is not likely to be adopted by Congress this year.) Seventy-eight percent would increase investment if corporate rates were reduced. (It appears that this Congress will reduce corporate tax rates, but only a minor reduction appears likely.)

Seventy-eight percent say they would increase investment if faster depreciation write-offs were provided. (Replacement costs are much higher than depreciation allowances. However, Congress and the administration have not paid sufficient attention to the needs of business for this form of tax relief.)

Seventy-one percent indicated they would increase investment if the investment tax credit were extended to structures (an idea Congress may adopt, but in more modest form). Fifty-nine percent would increase investment if taxes were automatically adjusted to remove the effect of inflation. (Such an approach has not received serious consideration by Congress, except in the limited area of assets subject to capital gains tax.)

Forty-eight percent would increase investment if capital gains tax rates were reduced. (Congress has recently shown some sympathy for this type of tax relief.)

In part because of widespread lack of confidence in government, business people support proposals to limit the growth of government spending and taxing to the growth of citizens' incomes.

Sixty percent of the executives believe such a limitation, if applied in their states, would improve the profits of their firms. Partly for this reason, 85 percent favor a limit on the growth of taxes and spending in their own states.

The reaction is stronger when involving the federal government: 92 percent of the executives favor a proposition to place constitutional limits on the growth of spending and taxing by the federal government.

The poll showed business executives remain hopeful about the performance of their firms during coming years, notwithstanding the negative effects that business people attribute to many government policies.

Executives seem confident of their firms' ability to perform well. The outlook for sales and profits is generally favorable.

After adjusting for inflation, 81 percent expect higher sales in one year, and 89 percent expect higher sales in four years. Three fifths expect higher before-tax profits in one year, and 67 percent expect such profits to be higher in four years. □

HOW THE GOVERNMENT WILL DO AT FIGHTING INFLATION AND UNEMPLOYMENT

	Fall Poll 1977	Winter Poll 1978	Spring Poll 1978	Summer Poll 1978
Good Job	1%	2%	1%	*
Fair Job	43%	42%	31%	28%
Poor Job	55%	56%	68%	72%

*Less than 0.5%

CHANCE OF A RECESSION

	Fall Poll 1977	Winter Poll 1978	Spring Poll 1978	Summer Poll 1978
Within 12 Months	27%	26%	31%	39%
Within 24 Months	44%	43%	48%	55%

GENERAL BUSINESS CLIMATE

	Fall Poll 1977	Winter Poll 1978	Spring Poll 1978	Summer Poll 1978
Becoming More Favorable	6%	5%	4%	8%
Becoming Less Favorable	74%	74%	76%	79%
No Change	20%	20%	18%	13%

CHANCE OF DOUBLE-DIGIT INFLATION

	Winter Poll 1978	Spring Poll 1978	Summer Poll 1978
Within 12 Months	23%	35%	49%
Within 24 Months	38%	46%	54%

PROPORTION OF BUSINESS LEADERS WHO EXPECT MANDATORY WAGE-PRICE CONTROLS WITHIN TWO YEARS

Fall Poll 1977	Winter Poll 1978	Spring Poll 1978	Summer Poll 1978
31%	44%	53%	55%

PROSPECT FOR INCREASES IN SALES AND PROFITS AFTER ADJUSTING FOR INFLATION

	Fall Poll 1977	Winter Poll 1978	Spring Poll 1978	Summer Poll 1978
Sales:				
1 Year	N.A.	78%	79%	81%
4 Years	85%	85%	84%	89%
Before-Tax Profits:				
1 Year	N.A.	51%	54%	60%
4 Years	53%	62%	65%	67%

Point Man for the Carter Reorganization

Down in the bureaucratic trenches, William Harrison Wellford ferrets out federal mismanagement and inefficiency

If William Harrison Wellford can persuade the federal government to pay its utility bills on time, he will have earned his salary several hundred times over.

This dereliction is now costing the government about $25 million a year in late-payment fees.

Mr. Wellford might be called an efficiency expert, but on the federal payroll he is listed as executive associate director for reorganization and management in the Office of Management and Budget.

His job is to carry out President Carter's much-vaunted reorganization of the federal bureaucracy, a mission fraught with frustration and uncertainty.

Every modern President has taken office determined to improve governmental efficiency and reduce waste. President Carter is no different. How well he succeeds will depend on people like William Harrison Wellford.

Army of experts

To help him ferret out federal mismanagement on many fronts, Mr. Wellford has a small army of experts—130 full-time professionals such as lawyers, accountants and engineers, plus another 200 on loan from other agencies. Additionally, several American companies have donated the services of some of their top management people.

The $25 million for delinquent payment of utility bills turned up by the Wellford sleuths may be only the tip of an iceberg that juts out of a sea of weak federal management. Take the telephone system, for example.

"For the past 10 years the government's use of telephones has been going up by about 16 percent annually," Mr. Wellford says. "In private business the increase has been only nine percent. Why the difference? The federal work force has not grown. I was amazed to learn that no one is really managing this telephone system. No one even knows how many phones are in use by the government. This area could involve the waste of many millions of dollars."

In the overall scheme, what the Wellford team is trying to accomplish in forcing Uncle Sam to pay his utility bills on time may rate only a footnote when the final report on the Carter reorganization is written.

The real thrust of the reorganization is to increase governmental efficiency by whittling down the number of federal agencies, bureaus, offices, commissions, councils, and boards which abound in the bureaucracy.

Trimming the size of government, however, is like getting rid of crab grass in your lawn—you pull it out in one place, it grows back in another. Starting with the Hoover Commission in the late 1940's, the government has undergone a series of reorganizations. But government remains big and cumbersome. Duplication, delay, conflicting policies, high operating costs—these are more the rule than the exception.

No effort to streamline government is able to steer clear of roadblocks. Mr. Wellford explains: "There is no dollar in the federal budget that is not defended by some group. There is no agency so obscure or so ineffective that it does not have its defenders."

The Consumer Product Safety Commission, for example, was headed for the chopping block, but was saved at the last minute.

"The agency certainly found a lot of friends around Congress in a hurry," Mr. Wellford says.

But the commission did not escape scot-free. With White House backing, OMB has imposed a sunset condition on the agency: It must improve its performance within three years or face elimination.

"We are requiring that they establish goals by which their performance can be measured," Mr. Wellford says. "This is a way of putting them on notice that they must improve or perish."

Cash management is a phrase that crops up frequently in any discussion of government reorganization. Every major corporation, and smaller businesses as well, learned a long time ago that every idle dollar is a wasted dollar. The government is just getting around to learning that axiom. By putting new cash-management techniques into play, the government is expected to save $125 million in 1978 and 1979.

Ways to save millions

Paying and collecting bills on time will account for a large part of these savings. By simply issuing letters of credit instead of lump sum grants, the government will save $41 million this year. For example, if a university has been approved for a $10 million grant to be spent over three years, it will draw funds as they are needed instead of getting the $10 million all at once. The money which remains behind will earn interest for Uncle Sam.

If the government isn't frittering money away by paying its utility bill late, it is wasting money by paying other bills too early. A General Accounting Office study found that the government, in one recent year, paid $118 million more in interest than was necessary on money borrowed to pay bills well before they fell due.

"We have brought in a number of business executives who are experts in cash management, and that is beginning to pay off handsomely," says Mr. Wellford. "Before they are finished,

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JERRY BUCHANAN
TOWERS Club, USA
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"THE WRITER'S UTOPIA FORMULA REPORT"

That's the title of my copyrighted book, written to help beginners who wish to join in this fantastic business. It costs $10 and takes about 2 hours to read. It has helped thousands to succeed in this business. Below are a few excerpts from letters I've received recently:

READING JERRY'S MAIL

"I made $250,000 my first year, thanks to you alone!" David E. Reeves, Honolulu, HI

"Sold 30,000 at $10 each and have 50,000 more ordered, all thanks to you, Jerry." H. H., Boulder, CO

"Have sold 50,000 of my latest booklet. Extend my N/L sub into 5th year, and keep up the good work." J. V. Pruitt, Tulsa, OK

"Your WUFR book and newsletter have been worth 1,000 times what I paid." G. D. H., Brooksville, FLA

"Jerry, my sales are amazing - over $25,000 in December alone, with your fine help. I'm ashamed when I think of the low fee I paid you." K. Lange, Phoenix, AZ

"When my check comes back from the bank, think I'll frame it. Best money I ever spent." Paul Bell, New York City.

"The best -- far, far the best bargain I ever got through the mails." Don Young, New York City.

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PHOTO: DENNIS BRACK—BLACK STAR

William Harrison Wellford's job is fraught with frustration—there are 1,360 special interest groups lobbying in Washington, and any change he proposes in the federal structure will be challenged by someone.

they will have set into motion some simple cash management practices that will save the taxpayers many millions of dollars."

Business has given the Wellford investigators many examples of governmental inefficiency. One glaring case is the paperwork and red tape confronting companies trying to meet the requirements of the Employee Retirement Income Security Act administered by both the Treasury and Labor departments.

"In response to an enormous amount of comment from business people, we have been pushing these two departments to get together and sort out their differences," says Mr. Wellford.

The effort may be paying off. Under a paperwork reduction proposal before Congress, the estimated nine million man-hours spent annually by business filling out ERISA forms would be halved, saving an estimated $25 million.

Concerned about spending

William Harrison Wellford is convinced that President Carter means business with his reorganization, and that it carries the highest of priorities.

"I know what he wants," says Mr. Wellford. "My job is not only to see that we get a bigger bang for the buck from the federal budget but also, at the same time, to make sure that those dollars are spent in ways that serve the national interest.

"The theme of dissatisfaction with government, of disappointment in its achievements, is really bipartisan."

Key targets in the reorganization are the regulatory agencies, some of which have become thickets of confusion and red tape. Whatever reform results will be welcomed by business, which believes that too much regulation or improperly directed regulation carries a hefty price tag that is ultimately borne by consumers.

The administration's head-on assault against paperwork appears to be making headway. There are even encouraging signs that federal regulators may start communicating in a language that people can understand.

President Carter has personally ordered the regulatory agencies to start writing in plain English, and the Federal Communications Commission moved swiftly to carry out the President's directive. A previous FCC document read in part: "... except as provided in paragraph D of this section, applications, amendments thereto, and related statements of fact, required by the Commission, shall be personally signed by the applicant, if the applicant is an individual."

This has now been changed to read: "If you are an individual, you must sign your own application personally."

Mr. Carter has also issued an executive order requiring all agencies to publish twice annually a list of all regulations they are planning to impose. Previously, many regulations were sprung on business and others when they were about to go into effect.

To ensure that they continue to serve the purposes for which they were created, all regulatory agencies are now coming under systematic review by OMB. If they are not serving those purposes, or the costs of operation clearly outweigh the benefits, such agencies may be forced out of business.

If there was one regulatory area that everybody—business, labor, minority groups—agreed needed a quick reorganizational fix, it was in the field of employment discrimination. The bill of particulars was extensive: inconsistent standards, overlapping investigations, unnecessary paperwork, and lack of accountability.

One example was the large corporation with 24,000 employees in 50 states that had to maintain 58 separate affirmative action plans. Seven federal agencies rode herd on the company to make sure it was complying with the antidiscrimination provisions of its contracts with the government.

Thanks to one of the early reorganizational forays, that is all being changed. Instead of 18 separate governmental entities enforcing laws against employment discrimination, employers will have to deal with only one, the Equal Employment Opportunity Commission.

If, as Mr. Wellford says, strong friends stepped in to save the Consumer Product Safety Commission, the opposition to another reorganizational target—the civil service system—was equally predictable. The principal goal is to improve the productivity of the 2.8 million federal civilian employees. That means, among other things, firing those who are incompetent or inefficient.

Fewer than 300 fired

"We found that the word firing isn't even in the civil service vocabulary," Mr. Wellford says. "Instead, they use a euphemism—removal action."

Last year, fewer than 300 civil servants were removed or fired for incompetence or lack of performance, says Mr. Wellford.

"The system of disciplining an employee has become so complex that managers, rather than go through the process, which might take anywhere from 21 months to four years, tend instead to promote and transfer incompetent employees—because it is easier to do that than to get rid of them."

No wonder that President Carter, in announcing the civil service reorganization, commented: "You cannot run a farm that way, you cannot run a factory that way, and you cannot run a government that way."

The expertise of private business has been welcomed by the reorganizers who say they recognize the need to impose business methods of operation on government.

"We get these experts from the larger corporations, but I would like to see more brought in from the smaller companies," Mr. Wellford says. "They have much to offer."

Unfortunately, he says, most of these volunteers are available for only three to six months.

"This does not give them the time they would like to stay with a problem until it is solved," he says.

"Bringing reform to government is a tedious process. These people bring not only their special expertise but also their outside views on everything that is going on. They challenge us."

The government has a multimillion-dollar investment in computers that not only help in running the day-to-day operations, but also play an important part in the conduct of national security. The Wellford investigators found the federal computer system lagging behind private industry's. The hardware was not always right for the particular job, and computer personnel were poorly or inadequately trained.

"We would have liked to have gone outside for the experts that could have straightened us out, but there are strong conflict-of-interest regulations which held us back," Mr. Wellford explains. "Anyone directly associated with the computer industry could not get in the door."

The government did get help, however, from computer personnel with Coca-Cola and several other large corporations where conflict of interest was not a problem.

Some eliminations probable

That the Carter reorganization will eliminate some agencies, bureaus, commissions, etc., is obvious. How many will disappear into merger or oblivion remains to be seen.

"We are not in a numbers contest," Mr. Wellford asserts. "We are not trying to develop an impressive hit list. The number of reductions is not our goal. Our goal is to improve the delivery of governmental services and the efficiency of governmental programs."

William Harrison Wellford says he knew the job would involve frustrations when he accepted it. The frustrations are there. With 1,360 special interest lobbying groups now operating in Washington—double the number a decade ago—any change in the structure of government will bring the inevitable challenge from somebody.

Shortly after his appointment in February, 1977, Mr. Wellford called on a venerable senator about one of his pet projects—the American Battle Monuments Commission.

Mr. Wellford wanted to eliminate the commission, whose principal role is to ensure proper maintenance of graveyards and cemeteries around the world where American war dead are buried. Commission members and staff make frequent trips abroad at public expense to inspect these properties. Mr. Wellford argued that the commission's work could be performed just as well by other agencies.

The senator listened quietly to all the justifications for abolishing the commission. Then he leaned forward, fixed William Harrison Wellford with a look that would freeze a burning meteorite, and said slowly:

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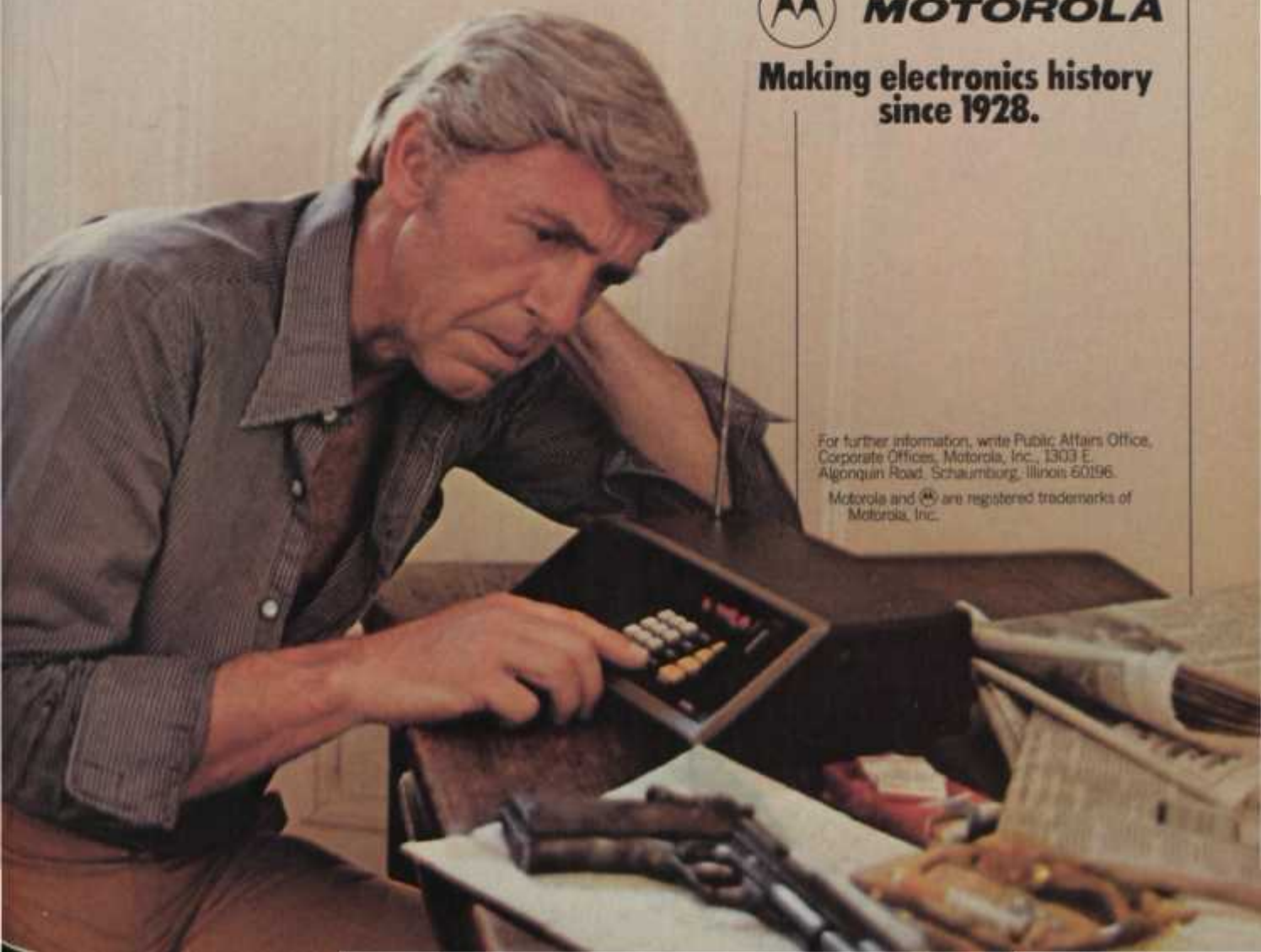
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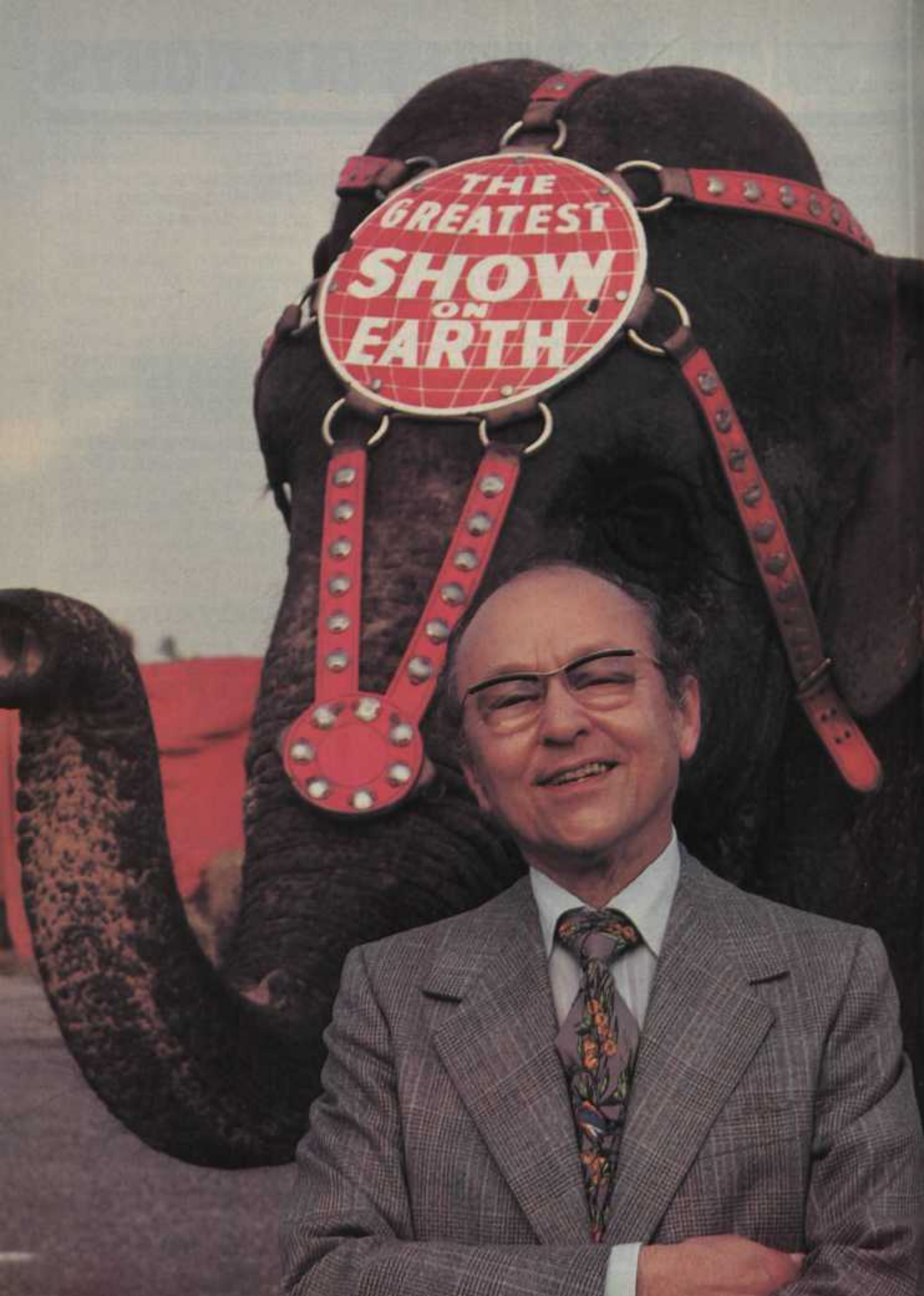
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THE
GREATEST
SHOW
ON
EARTH

LESSONS OF LEADERSHIP

The Greatest Showman on Earth

By Priscilla Schwab

WHEN IRVIN FELD was five years old, he found a dollar on a coal cellar door about a block and a half from where he lived in Hagerstown, Md.

Irvin took the dollar home, and when his mother asked him what he was going to do with it, Irvin replied: "I'm going to save it to buy a circus."

The story may be apocryphal, and Mr. Feld had to add a few million dollars to his find, but in 1967, he did buy a circus, the Greatest Show on Earth—Ringling Bros. and Barnum & Bailey Circus. "It was the happiest moment of my life," says Mr. Feld, who actually closed the deal for $8 million in the Colosseum in Rome. "The circus had always been my love, I loved everything about it."

Most children have circus fantasies of flying through the air with the greatest of ease. Not Irvin Feld. "I never wanted to be a performer in any way. I was interested in directing, staging, and putting the whole thing together. Which is very unusual for a child, especially one with no family in the circus and not knowing anyone in the business."

But Mr. Feld was not a very usual child. At 13, he was selling snake oil at summer carnivals with his older brother, Israel.

The snake oil came in half-ounce bottles, and Irvin persuaded the wholesaler to package the bottles in boxes with his own wording on the label.

"The oil cost us a nickel each," says Mr. Feld, "and I was afraid to ask a dollar for it, so I worked up this spiel where I said my brother and I were special representatives of the company, and so people could buy one bottle and get one free."

Mr. Feld thinks the snake oil was some kind of linament, "but I never wanted to know exactly what was in it. We said it would cure everything. We sold $8,000 worth of the stuff that summer."

That success led to an expansion of the business the next summer. The Felds added imitation lemon and vanilla extract to their line and bought a



Clowns are the lifeblood of the circus—from towering stilt-walker John Russell to veteran Bobby Kay. "They set the stage," says Mr. Feld.

PHOTOS: FRED WARD—BLACK STAR

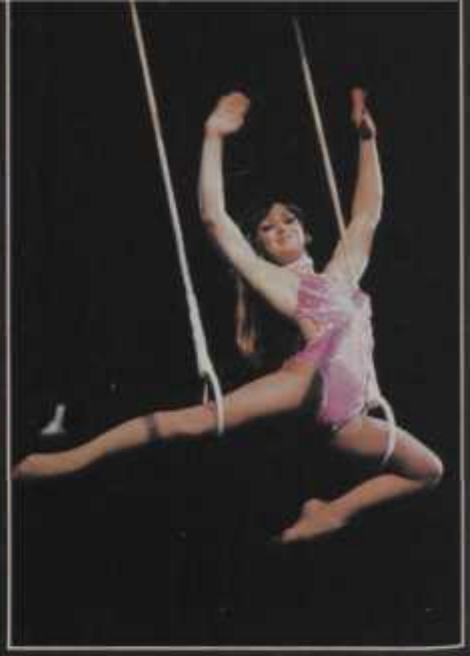


Gunther Gebel-Williams, a mainstay of the circus, has never failed to devise a daring new act for Mr. Feld.





Kenneth Feld, an only son, conferring (above) with his father at the office, is a full partner in running the circus. "I wasn't talked into it," he says. "I never thought I was going to do anything but show business."



Dolly Jacobs, daughter of the renowned clown, Lou Jacobs, has developed her own act on the aerial rings.



One Feld innovation has been the circus spectacle, an extravaganza of color, music, and costuming that finales every performance. For each spectacle, about 50 children are chosen from the audience to participate—the theme here is Mardi Gras, and two of the children are being crowned king and queen of the circus.

"joint." This is the collapsible stand from which the salesman makes his pitch, says Mr. Feld. "I designed it—a six-foot table with a circus awning on top, painted in red and yellow stripes. It was really attractive."

Alternating the sale of snake oil and the imitation extract—"our pitch was buy the vanilla for a dollar and get the lemon free"—the Felds soon had to add personnel. "We took two of our four sisters along with us," says Mr. Feld. "Either my brother or I would pitch and the other three would go through the crowds. We were sensational."

When carnival season ended, selling door to door was the next logical step. Irvin was still in high school, but he set up his older sisters and brother in the business. They had about ten items—rubbing alcohol, toothpaste, aspirin—the sort of things that are always needed around the house. And while Irvin worked on obtaining his high school diploma, his siblings sold door to door. He joined them on Saturdays. "We got arrested a few times, peddling without a license, but we always talked our way out of it," he recalls.

Talking is Mr. Feld's forte, and with such an early start in the business world, it seems natural that in 1940, at the age of 22, he was running a drugstore that catered to blacks in Washington, D. C.

Naturally, the atmosphere was circusy. There was a striped marquee out front, a man in the window doing tricks with a Gila monster and pitching ginseng tea over a loudspeaker, a sundries counter where a clerk would make up individual perfumes, a 24-stool soda fountain, and a background of blaring popular music.

Business was fantastic, from eight in the morning until ten at night, but Mr. Feld "hated everything about the place except the music." He discovered he had a flair for forecasting which records would sell well, and he decided to go into the business as well. Unfortunately, the record business would have none of the Feld phenomenon. Decca, Columbia, RCA, and Capitol "would never franchise a drugstore," says Mr. Feld.

Words like "never," "you can't," and "it's impossible" have a provocative effect on Irvin Feld. He simply cannot accept such negativism.

" 'Okay,' I told them, 'I am going to become the biggest record factor south of New York. You are going to be forced to sell to me.' Big talk, but I solicited every jukebox operator in the Washington area, and I found a one-armed man running jukeboxes out of Alexandria, Va. You know, that wholesaler who got me started in the snake oil business had only one leg. What a coincidence."

The jukebox man agreed to buy records for Mr. Feld to sell in his store, and soon the record companies realized they had better franchise this kid entrepreneur to whom no meant yes.

One franchise led to another, and that led to a string of record stores called Super Music City. Soon Mr. Feld was cutting records for his own private label record company, and that led to a smash record hit called "Guitar Boogie" and promotional tours for the newly emerging rock-and-roll stars. And all of that led ultimately to the circus. In an interview with a NATION'S BUSINESS editor at his Washington office, Mr. Feld touched on some of the high spots of a career that can only be described as superbly flamboyant.

Mr. Feld, how did you persuade John Ringling North to part with the circus that had been part of his family for generations?

Even in the 1950's I could see that the end of the circus was in sight. All through the years, I had been going to circuses, sometimes six, seven times a year. I went to all kinds of circuses but the one that really gave me the circus sensation was Ringling Bros. and Barnum & Bailey. The name was magic.

Even so, the show was getting smaller and the tour was getting shorter—they would run out of traveling money and just go back to winter quarters in Florida. One time I went to a show in the Midwest someplace, and I sank into mud to my ankles. I could see deteriora-

Clowning Around at College

P. T. Barnum always said that clowns were the pegs on which to hang the circus. Irvin Feld thinks clowns are much more than that: "They are the lifeblood of the circus."

When Mr. Feld acquired Ringling Bros. and Barnum & Bailey Circus in 1967, there were only a dozen clowns; six were in their 70's and 80's.

How do you make a clown? If you're Irvin Feld, you open a clown college, which he did in September, 1968. "We got thousands of applications," says Mr. Feld, who once again had been told by practically everybody that crash courses in clowning would never work.

Mr. Feld whittled the applicants down to 50 and hired instructors in mime, acrobatics, stiltwalking, make-up, and costuming.

"It cost me a fortune," he says, "because there is no tuition. But I knew if I got just five or ten good career clowns from each class, I could fill the circus's need for clowns. Today, we have 60 full-time clowns.

"It's really all mime, nothing is spoken because the arenas are too big. That's why I couldn't get clowns in Europe where I was getting so many acts. Ever see a European clown? Talk, talk, talk, talk."

Each year, Mr. Feld goes down to the circus's winter quarters in Venice, Fla., and interviews the 50 clown students. Then he gets weekly reports on their progress, and always attends the graduation ceremony, which is a two-hour show the successful students produce themselves.

"It's an eight-week course," says Mr. Feld, "and we also try to have the older clowns like Lou Jacobs instruct the youngsters. Did you know that Lou Jacobs, who is really the greatest clown ever, is the only living man who has ever had his face on a postage stamp?"

Wasn't Emmett Kelly the world's greatest clown?

"No, I don't think he was," says Mr. Feld, "but that's the billing he got. And he was a great clown, but I think Lou is better overall. Emmett Kelly left the circus the year before I bought it. They couldn't meet his salary demands."

Ringling's apprentice clowns start at $155 a week; by their third year, the scale is $230 a week.

Glen "Frosty" Little, one of the first graduates of Clown College, is the circus's boss clown today. "Clown College," says Mr. Little, "has been the salvation of clowning in this country. I had always wanted to be a clown, but could never break into the business. Now, I'm never going to leave the circus. I love being a clown."

tion setting in—a touch of the tawdry.

So I wrote a letter to Mr. North, telling him I had a terrific idea for promoting the circus. And I got a polite letter back, saying thank you for your interest but no thanks. Six months to the day later, the circus folded in Pittsburgh.

The next afternoon, Mr. North called me. We set up a meeting in New York, and I told him to bring his attorneys and accountants because we are going to talk business.

I walked into the meeting with my brother, Israel, not represented by counsel; it was like a lion's den. But I told Mr. North and his people a few things. I was a little harsh.

What did you know about the circus business then?

I'm going to tell you. I was really out of my realm, but I said they were in a lot of businesses other than the circus business. They were in the construction business, because every few days, they would erect a tent with 12,000 seats and then tear it down. They had to hire between 1,500 and 2,000 roustabouts, and they used 80 work elephants to do it.

And they were one of the biggest food operators in the country, because they provided the workers three squares a day. And they were in the sanitation business, I mean, they had to have rest rooms for the customers, and with all those animals . . .

And then I told them, you know, there is a new medium called television and you never use it. It's very nostalgic to go up an alley, if people still go up alleys anymore, and see a great big poster advertising the circus. That's very nice, but that isn't reaching the masses.

But what was your idea?

Well, I have to back up a little. You see, all through the 1950's I had been promoting concert tours, I had started in '48 with a singer named Sister Rosetta Tharp. She was the hottest singer in the gospel world, and she had a girl friend named Madam Marie Knight, and the two of them had the number one and number two spiritual records in the country.

Anyway, I was taking them and a host of others—Bill Haley and the Comets, Buddy Holly, Paul Anka, Dick Clark, Nat King Cole, Frank Sinatra, Henry Mancini, Andy Williams, Frankie Avalon, Fabian, Clyde McPhatter and the Drifters—all around the country, booking them into sports arenas and stadiums, and then promoting their appearances in various cities.



In true circus tradition, six-year-old Tito Segrera plans to follow his father, Jesus, on the flying trapeze. Mr. Segrera, catcher for the Flying Segreras of Cuba, also has two daughters in the act.

My idea was simply this: The era of the Big Top was over. I knew how many hard-top buildings there were in the United States that could contain the circus. I knew how many would be built in the next five years and where. I wanted exclusive control of booking and promoting the circus.

Did they buy that?

Yeah. I told them, you deliver the circus where my brother and I say. We will set up an itinerary, you will pay nothing for advertising or rent. Your only obligation is to furnish me a circus and pay me a percentage of the gross ticket revenues. Mr. North said, how fast can you get started? I said, we'll be back in business next month. And we were.

But you still didn't own the circus?

Oh no, that came later. This arrangement began in 1956. They were not in good financial shape. The budget was unbelievable. They told me what their expenses were and I told them what their expenses should be.

I said I would guarantee that running the circus wouldn't cost any more than X number of dollars. They said, impossible. I beat the figure by $8,000 a week the first year of operation.

Anyway, I put together an advance organization, and business was good and got progressively better. In 1962, John Ringling North decided to leave the country forever and live in Switzerland. I don't really know why, and I didn't question him, but the next five years were horrendous. The quality of the show kept going down, yet the attendance figures kept increasing.

Why was the quality deteriorating?

Absentee management, aging performers, lawsuits—there were all sorts of problems. My other businesses—the

record stores, the rock concerts—were all successful, but the circus was an obsession with me. So on Jan. 1, 1967, I made a resolution that I would acquire the circus that year or give up the whole idea. I called John, wished him a Happy New Year, told him I had to see him, and hopped a plane to Europe.

I met him at the Excelsior Hotel in Rome and told him I wanted to buy the circus. He laughed. We talked for three hours, and then he said, well, I will give you nothing in writing, but I will set a price—$8 million—and I'm talking about all cash, not one cent in a note. That wasn't all. He told me I would have to assume all the lawsuits, and then he said, even if you raise the money and come over here, my writing hand is liable not to work . . . I'm liable to go back to the U. S. and run the circus again.

Well, I insisted that the price was for 100 percent of the stock, that John would have to deal with the 49ers himself. You see, John, his brother, Henry, and his sister owned 51 percent of the stock—John had the controlling interest—and the rest was owned by dozens of heirs from way back, almost 100 years, who were called the 49ers. One or another of them was continually suing John for mismanagement, and there were lawsuits back and forth. It was always in the newspapers.



Irvin Feld, whose wife died in 1958, shares his Washington home with this clown doll and his sister-in-law, Mrs. Shirley Feld. She and Irvin's brother and partner, Israel, who died in 1972, helped to raise the Feld children.

How did you come up with $8 million?

It took me almost a year. My brother and I had made a lot of money, but where do you get that kind of money? I tell you, I searched all over. I had five-year projections, how we could produce a show to make so much money, and finally I wound up at the Wells Fargo Bank in San Francisco, talking to their chief senior loan officer, telling him how the circus could generate enough profit to pay back $8 million in five years. Now, he has to think, this man must be smoking bad cigarettes, the circus has never shown such profits.

Finally, Wells Fargo told me: "Mr. Feld, if you raise $4 million, we'll loan you the other four." Well, I'm halfway home.

So, I was dealing with some people in New York. We were disagreeing about who would have control. I think they leaked the deal to "Variety."

A few days later, the phone rings, and a voice on the other end says: "You're one hell of a guy. You forget your friends?" Well, it was Judge (Roy N.) Hofheinz, who was involved in building the Astrodome in Houston, and I had booked the circus there every year and many other events, too. For example, I booked the first bullfights in America—they were bloodless bullfights. The judge said: "You're going to buy the circus, and you didn't even call me. You know I love the circus."

He got the money, practically overnight, and he agreed that I would be the boss. So I called John, and we set the settlement for Nov. 11, 1967.

Why did you pick the Colosseum in Rome to sign the papers?

It's the home of the original circus. This was the most historic day of my life. After 96 years, the circus was changing hands. My son, Kenneth, flew over from Boston University and my daughter, Karen, from the University of Pittsburgh. I borrowed a baby lion and set up a photograph, because I really wanted the world to know.

Somehow, $8 million doesn't seem to be a lot to pay for a circus.

Let me tell you, it was a lot. Bankers want to know only one thing—what are the earnings, how much are you paying in regard to earnings? The circus has never made better than a couple of hundred thousand dollars a year, so we were paying 50 to 60 times earnings.

Now that you had the circus, how did you run it?

When I really delved into the inside workings of the circus, I was totally shocked and amazed. Shocked at how poorly the production numbers were done, and amazed that the whole thing had kept going. Anyway, 1970 was the 100th anniversary of the show, and I wanted a celebration second to none. I had so many things I wanted to do. I would stay up nights, all night; the creative juices would never stop.

But I bought the show in late 1967, and there was very little I could do with the 1968 show. Came February of that year, I announced that next year there would be a completely new unit of the circus, not a second unit, but one equally large in quality and quantity. The only thing that would be different is that one would be called the Red Unit and the other, the Blue Unit. We would produce one new show each year, and each show would run two years. Everybody said, impossible. You can't get the acts, you can't get equipment, you can't do this, you can't do that.

And then John called me, said he had to see me, so I met him in Vienna. He said: "You're going to lose every dime. How can there be two Greatest Shows on Earth?" I said, very simple, the two shows will be entirely different



Vital to every circus performer are flexibility and coordination, achieved only by constant practice. Dolly Jacobs, who has perfected an aerial ring act, also works on the low wire to improve her balance. Her boss, Irvin Feld, watches.

but exactly equal in the number of performers, in costuming, in lighting, and in great acts.

John was very angry, and he asked me to change the name of the circus—with the sale I had also acquired about a dozen names of smaller circuses that had been bought up over the years. I said no.

Where did you get the acts to double the show?

I more than doubled the show. When I bought it, the train consisted of 16 cars. The following year I had two trains with 25 cars in each. Now, we are up to 39 cars per train.

I went after Gunther Gebel-Williams, the wild animal trainer whom John had been trying to get for years. I flew from Vienna to Salerno, Italy, where Gunther was appearing in his mother-in-law's circus. He and his wife were in the process of divorcing, and the mother-in-law was back in Germany, so I flew there the next day. Well, she wasn't interested in selling Gunther's contract, and I wasn't interested in leaving until she did.

It took six months to make the deal, and I had to buy the whole circus to get Gunther—around $2 million, and worth every penny. Everybody in the world had told me I'd never get him.

How can there be two greatest shows?

Listen, I took some national journalists and showed them one unit in Madison Square Garden, and then the following day, flew them out to Knoxville, Tenn., to see the other unit, and I said, tell me what the difference is. Aren't they both great, equally great? They agreed.

Now I can advertise something that has never been advertised before. People who saw the circus one year would say, well, it's always the same, we'll wait a few years before going again. Now, we had a 100 percent new show each year. And the third year, it may be the nucleus of the first year, because you don't change a Gunther Gebel-Williams. He gets better all the time. But the acts will be different, and the costumes, and the music.

And Gunther will have put together a new act. He's innovative. Nothing is impossible for him. Kenneth and I will give him an idea, and he'll say: "Fine, I can do it, no problem, no problem."

How did Kenneth get into the act?

I never dreamed Kenneth would be co-producer of the show. But, you know, during the summers he was in college, I used to take him with me on scouting trips. He would just sit there and listen, but he remembered everything, and he had a talent for evaluating the acts. He would look at maybe 200 acts during the summer months. Anyway, he started work a few days after his last college exam. And he has earned his job.

But how do you get enough acts to keep changing them?

Kenneth and I travel thousands of miles each year to find new acts. When I bought the circus, there were only 88 people on the payroll, and the average age was 46. To me, that was deadly. We had show girls in their 50's. I mean, a 50-year-old woman may be fantastic, but a show girl she is not. Today the average age of our performers is 23, and that includes Lou Jacobs, the world's greatest clown, who is 77.

There really is a lot of undiscovered talent around. Very little in America, but a lot in Europe and South America. We have about 20 countries represented in the show. The flying trapeze acts seem to come mostly from Mexico, South America, and Cuba. And the wild animal trainers are usually German. But we discovered the King Charles unicycle troupe pedaling around the streets of the Bronx.

You know, the number one form of culture in Europe, including Russia, is the circus. They have circus schools over there, which we visit, and we are constantly hearing about new acts.

How do you decide whether to renew the contract of a particular act?

Good old American competition. Let me explain. We have teeterboard acts—it looks like a seesaw, and people jump on one end, vaulting the person on the other end into the air to land on someone's shoulders. One group is Polish, one is Hungarian, one is Bulgarian. So Kenneth and I suggested to one group that it try a five-man high pyramid from the teeterboard.

Well, they master that, and pretty soon—don't forget all three groups are performing at the same time—the other two groups are doing the same five-man high. So then, the first group comes to me and says, we want to practice six. Well, now you're vaulting 35 to 40 feet into the air, you could get hurt. But soon they are doing six, and the other groups are watching while they do it, and before you know it, all three groups can do a six-man high pyramid.

Wait! There's more. Just last spring, one of the group's leaders came to me and said: "Mr. Feld, we have a seven-man high." I couldn't believe it, but he had his six-year-old daughter in the act, and it's seven-man high. Naturally, we have renewed his contract.

I will not renew if the act remains the same. The performers know this. We don't have to speak of it.

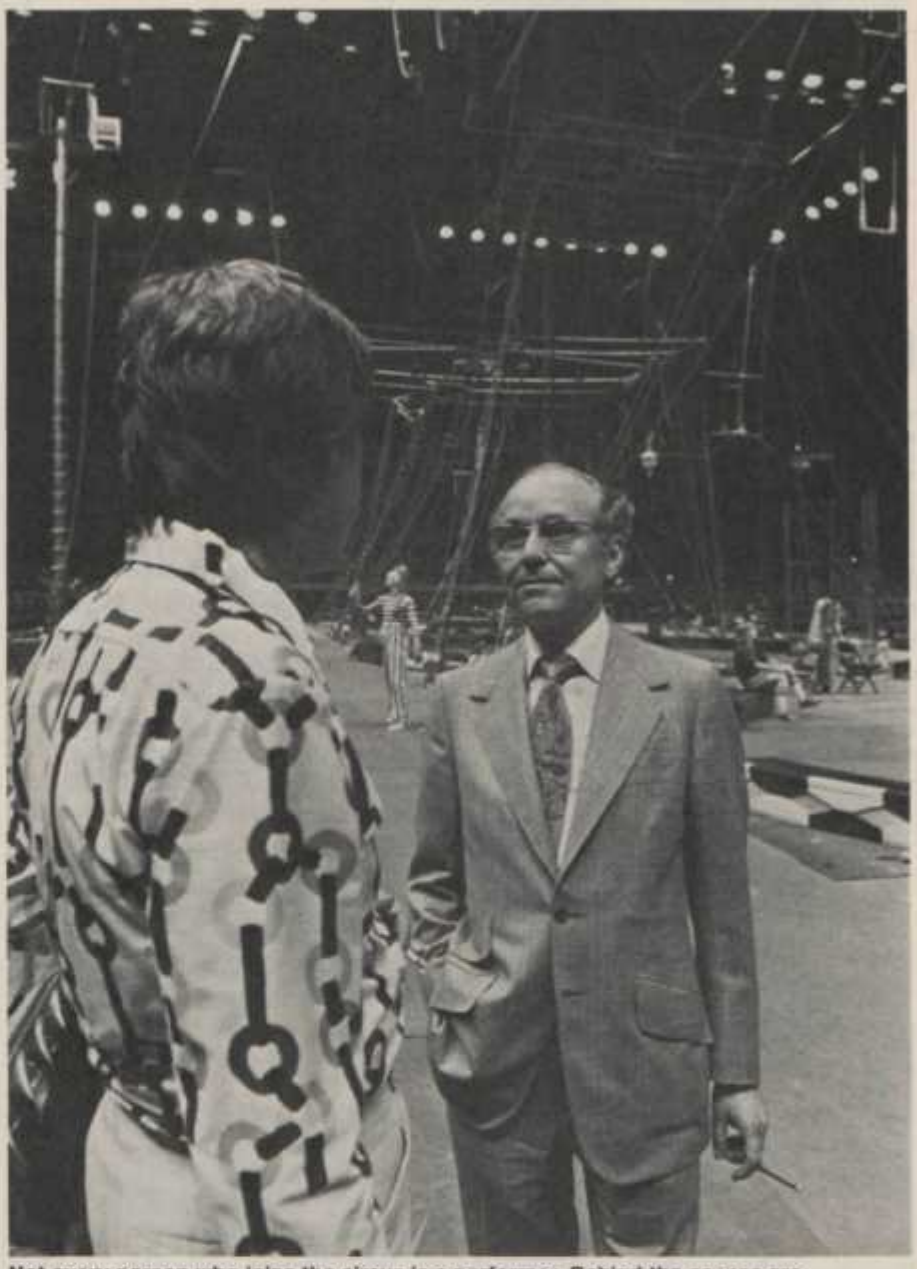
How many shows do you see every year?

Between the two units, we do about 1,000 performances a year. I see a minimum of 100 complete performances, and Kenneth probably sees up to 200. I mean sitting in the stands. One of the things that really pleases circus performers is that we're interested in them personally. When either one of us is at a show, they are on.

Some people say, Mr. Feld, that what you have really done is dress up the circus, choreographed it, given it razzmatazz, packaged the product.

That's part of it. The circus was really in a rut. My concept for breaking out of the rut was this. First, the best acts, and young people doing them. To me there is nothing more thrilling than to see young people, perfect physical specimens, perfectly trained, doing acts of precision and daring in split-second timing. And going one degree past the limit of how far they can go.

Second, clowns. Without great clowns, and lots of them, the circus loses its spirit. And the circus is not just performance either; the circus is spectacle, a showcase. So, third, beautiful girls and lavish costumes.



Not every person who joins the circus is a performer. Behind the scenes are people like Dean McMurray, general manager of the Red Unit. Mr. McMurray and his staff take care of the incredible logistical support required by every show.

I'm not talking about cheap tinsely costumes. I'm talking about individually designed, handmade, embroidered and sequined costumes that will stand up to packing and unpacking, and two or three shows a day. Then, for the spectacle, we have floats and stages and props, and we dress the animals. We have elephant blankets that cost as much as $14,000 apiece.

I want to fill all three rings, and I want to fill the air above the rings.

But how can a person take in all this spectacle and then three acts all going on at the same time?

You can't. That's the only negative comment we get, and I love it. You know why? Because they'll come back, and some will see the show twice in a year.

What about the competition? Are there any other circuses?

Nineteen others, traveling around the U. S. Strictly small scale. We took a survey a few years ago. The key question was: When you think of circus, what is the first name you think of? Better than 96 percent of the people answered Ringling Brothers or Barnum and Bailey.

Will you ever change the name of the circus or add your own?

Never. It would be like adding your name to the Washington Monument. However, in every drop of advertising



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we do, the line reads: "Produced by Irvin Feld and Kenneth Feld." And at every performance, the ringmaster opens by saying: "Producers Irvin Feld and Kenneth Feld welcome you to the 108th edition of Ringling Bros. and Barnum & Bailey."

I would like to be remembered for having made a contribution to the continuance of the circus. You know, it's practically all we have left of good, wholesome, clean entertainment that the whole family can enjoy.

Having acquired the circus and shaped it the way you wanted, why did you sell to Mattel, Inc., in 1971?

In 1969, we went public. And once again I did something that had never been done before. I published the first four-color prospectus in the history of the Securities and Exchange Commission. How can you do the circus in black and white? I also printed the first four-color stock certificate.

At the time, we had an unrealistic price/earnings ratio—64 times earnings—because the year before I bought the circus, it had made $125,000 profit. Well, institutions were not going to pay that kind of P/E. The stock dropped. My friends and acquaintances wound up buying it. I cannot live with myself if anyone is taking a loss on something I have done. I've never been a loser.

The other factor was that I wanted to build the biggest theme park in the country. I have great respect for the Disney organization, but it's all animation, it's not real. We're live, real people, real animals performing, and you know they're real because there's a guy with a bucket and broom following them. I wanted to build the Ringling Bros. and Barnum & Bailey Circus World, but that dream would cost $75 to $80 million. Which I was afraid I would never live to see.

So Mattel seemed the best of both worlds. What fits better with the circus than toys? We sold the circus for $47 million in stock and I got written assurances that I would run my own show. I was given a long-term contract as president, producer, and chief executive officer.

Circus World, which began contruction in 1972, was expanded again this year at a cost of $6.3 million.

Although the circus is now part of Mattel's entertainment division, I run the circus, and the burden is on me to make the arithmetic add up. But there is one thing I will not do. I will not ever compromise with quality. I must have the best of everything. I can never do things cheaply.

How do you manage to cover rising costs and all the free performances you do for underprivileged children and adults?

We stay longer in a city. In 1967 we were playing five weeks in Madison Square Garden. Today, we stay 11 weeks. Or, take a city like Denver. We played there five days.

One of my people—he's been working for me since he was 11 years old—said, let's try two weeks in Denver. So what happened? We did almost capacity in two weeks compared to only about half capacity in the five days. If you are only in town for two days, lots of people can't rearrange their schedules to go. But if you are there two weeks, there is time to make plans.

Because we are giving the cities so much time, we really have a year-round circus. The second year of one unit's 80-city tour will finish the third week of November, and go into rehearsal for the new show the fourth week. There is a month's rehearsal and then they're off on tour with the new show. The other unit gets two weeks' vacation and two weeks' rehearsal, and they're off again. We'll have to add a third unit soon.

What do you do when things go wrong? How do you cope?

I must tell you that a lot of things go wrong a lot of times. But I never really panic. And my son is excellent in a crisis. We have a lot of them.

What about injuries and fatalities?

Circus people know what the risk is. They know you can be perfect for 5,000 performances, and it takes only one more performance to fall, one microsecond's loss of concentration. Look at Karl Wallenda, the high wire artist who fell to his death in San Juan, P. R. He was 73 or 74. They had just done a movie on his life.

Mr. Feld, have you ever not done anything you said you were going to do?

No. Not in business, at any rate. Because when I believe in something, I can do it. From the time I was a kid, I always wanted to do things that had never been done. I've been doing them, and I don't want to quit. I'm having too much fun. The days are seldom long enough for all I want to do. □

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AUTOMOBILES: Regulatory Hazards on the Road Ahead

Nation's Business
INDUSTRY SPECIAL REPORT

By Michael Thoryn

CARS are status symbols, the subject of songs, books, and movies, and most important, the way most of us get from here to there.

They are also a means of self-expression. "People develop sensual relationships with their cars. They wash them, scrub them, polish them, speak softly to them, and, in general, decorate them," says Dr. Michael Marsden, a professor of popular culture at Bowling Green University in Ohio. "The dashboard has become a mobile mantel on which are displayed objects of affection."

Cars are everywhere, and probably no industry has molded American society more.

Cities could not have sprawled into suburbs without cars to bring things together. Huge shopping malls, a postwar invention, are carefully positioned amid fields of free parking. Trucks, the modern equivalent of the packhorse, are crucial to the nation's distribution system for food and goods. And millions of people list tinkering with their cars or cheering at auto races as favorite leisure activities.

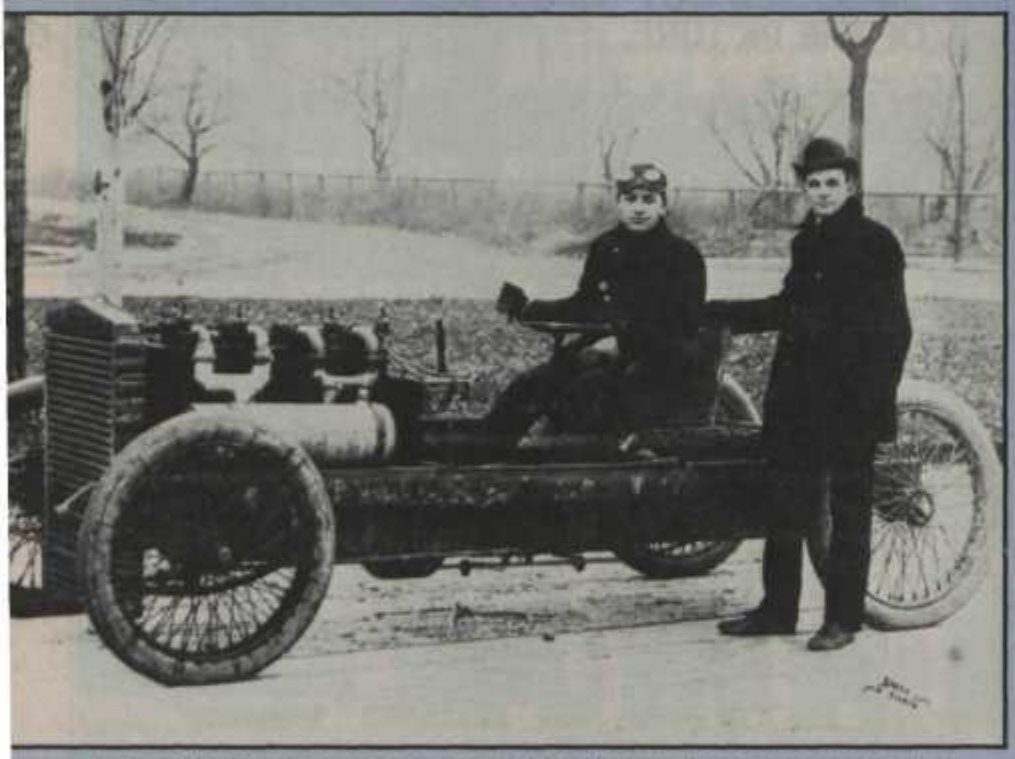
Americans operate 114 million cars, 29 million trucks, and 492,000 buses, more than 40 percent of the world's total number of vehicles. We ride on 3.8 million miles of roads that connect the tiniest of towns and push into otherwise untouched acreage.

More than 14 million Americans—one out of six workers—are employed in the manufacture, distribution, servicing, maintenance, and commercial use of motor vehicles.

General Motors Corp., with 800,000 employees, led the nation in 1977 with sales of $54.9 billion, roughly equal to the gross domestic product of Iran. The $37.8 billion sales volume of the Ford Motor Co., third in 1977 behind Exxon, approximates the annual budget of the Canadian government.

Chrysler Corp. had sales last year of $16.7 billion. American Motors trailed the Big Three with $2.2 billion.

Rubber, a major industry in its own right, grew up to serve the car and truck market. The Big Three and the major oil companies, who supply the necessary gasoline, dominate a list of the nation's largest firms.



Automobiles have been an integral part of America's work and play since the turn of the century. In 1902, Henry Ford (right) hired bicycle racer Barney Oldfield to drive Ford's "999" racing car. The result was an American speed record.

Commuter convenience

A few figures demonstrate the motor vehicle industry's scope:

- With more than 17 percent of the GNP, the industry led business recovery from the 1974-75 recession and from every other postwar downturn.
- Although Michigan is the leader in auto assembly with 32 percent of the total, autos and trucks are also assembled in 22 other states. Missouri, which is number two, is followed by Ohio, California, and Georgia.
- Despite governmental pleas to take public transit to conserve energy, eight of every ten Americans find it more convenient to use a private vehicle to commute to work.
- Cars use 14 percent of all U. S. energy and 28 percent of the petroleum. You can buy a car from 26,000 dealers and fill the tank at 180,000 service stations.
- The federal government and the states share tax revenues from car and truck use. Motor vehicle user taxes reached $22 billion in 1977.
- Fifty-seven percent of the freight tonnage of all manufactured goods—excluding petroleum and coal—is hauled by trucks.

The industry is also a big consumer. During 1976, the auto industry consumed 22.9 percent of the steel, 56.2 percent of the synthetic rubber, and 33.3

percent of the zinc used in this country.

Even Joan Claybrook, administrator of the National Highway Traffic Safety Administration and an industry critic, concedes:

"More than ever before, the average American is completely dependent upon the automobile. Without an automobile, a consumer is less mobile today than were his grandparents. Low-density housing, the decline of mass transportation, and the dispersal of employment centers make dependence on the automobile a fact that confronts rich and poor alike, that cuts across urban and rural boundaries."

Shape of things to come

Although unit sales will approach all-time highs this year, stricter regulation makes this a difficult time for automakers. The automobile of today and especially those of tomorrow are being shaped by the government's demands for safer, cleaner, fuel-efficient vehicles.

"Fuel economy standards are causing a restructuring of this entire industry," says Will Scott, Ford vice president, North American government affairs. "Seventy-five years of history is being encapsulated into a seven-year reroll."

As a result, the major auto companies, all headquartered in the Detroit area, plan capital spending totaling more than $50 billion between now and 1985.

That immense sum—the Apollo program to put men on the moon cost half that—will go to produce smaller, lighter, more fuel-efficient cars. The 1977 compact will be the large car of 1985, when a manufacturer's complete line of cars must average 27.5 miles per gallon.

Fleet fuel averages, which will increase by stages at least until then, were first mandated by Congress in 1975 when it passed the Energy Policy and Conservation Act. The Environmental Protection Agency, formed in 1970, requires reduced exhaust emissions, and the Transportation Department's traffic safety administration is the leader in passenger protection.

Doing well despite grumbling

The vast U. S. automobile industry is being squeezed to meet technologically demanding, "maximum feasible" regulations while still creating a salable, desirable product.

Despite some disgruntled automakers who say "Washington is 67 square miles surrounded by reality," Detroit is doing pretty well.

Total motor vehicle factory unit sales reached a record 12,639,000 in 1977, aided by a surge in truck sales.

Average fleet fuel economy, which touched a low of 12.9 mpg in 1974, rose 44 percent to 18.6 mpg in 1978 models.

Emissions, considered a major cause of air pollution, have been cut substantially, and a passive restraint system has been devised to protect the 82 percent of us who refuse to buckle up.

The automobile was budding in Europe long before it blossomed here. Nicolas-Joseph Cugnot, a Frenchman, is credited by many with developing the first automotive vehicle. His steam-powered, three-wheeled vehicle carried four passengers at just over two miles per hour in 1769.

But Henry Ford popularized vehicular movement with his famous Model T. Setting up shop in 1903 in a former Detroit wagon factory, Mr. Ford pioneered the moving assembly line. His $5 pay for an eight-hour day—twice the going rate—caused a sensation in 1914. Innovations such as the self-starter, hydraulic brakes, and automatic transmission energized the industry in subsequent years.

From the time they started using public roads, autos have been regulated. The English Red Flag Act, in effect until 1896, required a man to walk in front of a self-propelled vehicle, carrying a red flag by day and a red lantern by night to warn pedestrians and horsemen.

The cost of that kind of regulation wasn't prohibitive then, but regulatory costs are hotly debated today. Industry says the costs are too high; government says lives must be protected.

Thomas A. Murphy, GM chairman, quotes from a study recently prepared for the Joint Economic Committee of Congress, which shows that $666 has been added to the price of a new car over the past ten years to meet emission control and safety standards.

"New standards coming into effect in the early 1980's will add still more hundreds of dollars to that cost. Even DOT states that the additional cost will be $285 per vehicle—just to meet new safety and fuel-economy standards alone.

"The cost of meeting new emission standards is not even included," the GM chairman says.

The emission standards, part of the 1977 amendments to the Clean Air Act, which is enforced by EPA, call for sharp reductions in hydrocarbons, carbon monoxide, and nitrogen oxides by 1981.



Auto companies regularly crash cars to test safety and passenger restraint systems. Films of this Chevrolet Malibu, with a dummy in the driver's seat, being rammed into a barrier at 30 mph will be studied by safety engineers.

"Our own figures at GM indicate that the added costs for meeting all standards will be more than $800 per car," Mr. Murphy says.

Chrysler, too, has criticized "unreasonable regulation," although Chairman John Riccardo says "regulation in the area of safety, clean air, and energy conservation is well established and deserves our support."

What the company objects to, says

Sidney L. Terry, vice president for public responsibility and consumer affairs, is "regulators whose job is to make sure they push us to the ultimate. . . . I think the system is overdelivering regulation."

Savings in the long run

Big government, of course, disagrees. DOT says safety and fuel standards do not impose an undue burden on the industry. Besides, says DOT, gasoline savings over the life of the car will exceed the department's estimate of safety and fuel regulatory costs.

For its part, the traffic safety administration says its responsibility is to improve traffic safety, and the cost is justified by the annual loss of lives—47,000 last year—and the millions of injuries in motor vehicle crashes.

Since the traffic safety administration was established in 1966, improvements in road design, use of seat belts, the 55 mph speed limit, and recalls for safety defects have cut the fatality rate per mile driven by 35 percent, the safety agency says. In 1966, there were 5.5 deaths per 100 million miles. In 1977, that figure dropped to 3.32 deaths per 100 million miles, with more than 1.5 trillion miles driven.

A record 12.9 million cars were recalled in 1977 for safety-related problems ranging from excessive stalling to gas tanks' susceptibility to catching fire. The pace has quickened this year with the recall of 6.5 million cars through June.

Companies are required to phase in passive crash restraints such as air bags or automatic seat belts by 1984.

The auto companies are depending on material substitution, less powerful engines, and black box electronics to help meet fuel and emission standards through 1985.

To reduce weight, lighter materials such as plastic, aluminum, and fiberglass are likely gainers at the expense of steel.

The disappearance of the standard V-8 engine appears probable, according to the Commerce Department. The full-size passenger cars of the mid-1980's will be powered by a V-6 engine, but more than half of all cars produced will have small 4-cylinder engines.

Electronics will control the ratio of gasoline to air in the carburetor, locate malfunctions, and prevent skids. Cadillac already offers an optional computer readout unit that tells the driver the distance to his destination and the estimated time of arrival.

Increased use of electronics is also phasing out the tune-up, which is the bread and butter of many repair shops. Instead, mechanics will be required to replace car components, aided by sophisticated diagnostic equipment.

In the years beyond 1985, says Gene Bordinat, Ford vice president for design, commuters will use "an efficient lightweight city car, weighing 1,000 to 1,200 pounds, getting 50 to 60 miles per gallon, and carrying no more than a driver and passenger."

Small but sporty

The car, which would have enough power to merge safely with freeway traffic, "would not look like the cars shown in most articles on the subject—they range from bird cages to amusement park dodge-ems. It would have to have a friendly look to attract a lot of customers . . . perhaps it would be a sporty-type car," Mr. Bordinat says.

Meanwhile, shrinking car size, less powerful performance, and regular price boosts make the industry apprehensive that many consumers will defer purchasing a new car until replacement becomes a necessity.

Mr. Terry of Chrysler foresees "a very real possibility that somewhere along the way to 27.5 mpg we will suffer a depression in the new car market because consumers will revolt against the smaller cars, refuse to buy them, and keep their old cars longer. The price of those used cars that have engines powerful enough to pull trailers will shoot up."

Keeping a car longer between trade-ins would be a boon to the $94 billion automotive parts market. Older cars need frequent engine, transmission, and carburetor repairs.

While concentrating on big cars through the 1960's, Detroit ignored the inroads of imports on the U. S. marketplace. But now that all domestic cars are being downsized, Detroit must face the tough head-on competition of Japanese and German automakers.

Biting into imports

Toyota, Datsun, and Volkswagen, the fourth, fifth, and sixth largest companies in U. S. sales, build cars that are state-of-the-art examples of downsize engineering. However, Chrysler's front-wheel drive Omni and Horizon, GM's Chevette, and Ford's redesigned Mustang are biting into the 18.5 percent of the total market imports held last year, helped by a price edge gained from the dollar depreciation against the yen and the mark.

To keep prices competitive, VW opened a manufacturing plant in Pennsylvania this year, and several Japanese firms may also open plants in the U. S.

The big-car, small-car furor was overshadowed in 1977 by the astonishing boom in light trucks. A Ford pickup was the nation's best-selling model of all ve-

U. S. Retail Car Sales in 1977

	Units	Percent
General Motors (U. S.)	5,146,131	46.0
Ford (U. S.)	2,552,210	22.8
Chrysler (U. S.)	1,219,752	10.9
Toyota (Japan)	493,048	4.4
Datsun (Japan)	388,383	3.5
Volkswagen (W. Germany)	262,932	2.3
Honda (Japan)	223,633	2.0
American Motors (U. S.)	184,361	1.7
Checker Motors (U. S.)	4,568	less than .05
All other imports of foreign firms	493,058	4.4
Captive imports (manufactured by U. S. firms abroad)	213,336	1.9
Total domestic	9,109,022	81.5
Total import	2,074,390	18.5
Total U. S. passenger car sales	11,183,412	100.00

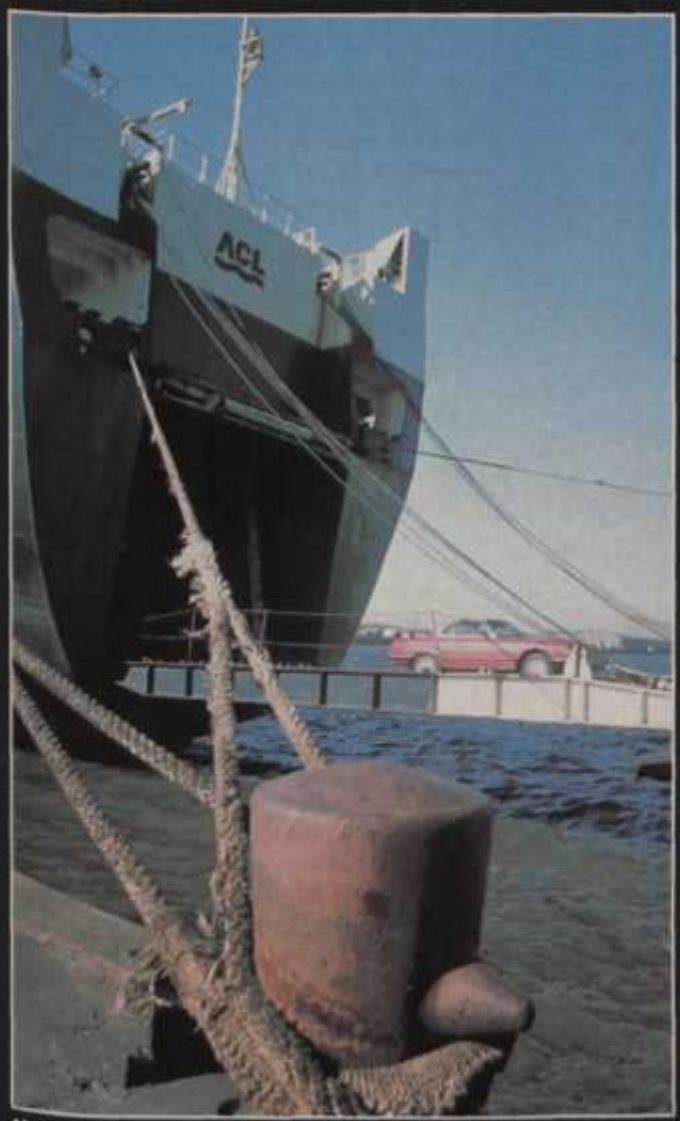
Source: Motor Vehicle Manufacturers Association





Moving assembly lines, pioneered by the industry, brought the era of mass production. A downsized Cadillac (above) moves along a line in Detroit.

Automaking requires vast amounts of raw material. Ships (left) bring iron and coal directly to Ford's 1,200-acre Rouge industrial complex in Dearborn, Mich.



Unloading imports such as the German-built Mercedes-Benz has become a familiar sight at some American ports.



Automation continues to replace men on assembly lines. More than 90 percent of the welds on the Dodge Omni and Plymouth Horizon are made automatically by robot arms.



Sales of recreational vehicles like this four-wheel drive Jeep from American Motors have boomed in recent years.

Government Recharges Electric Car

At the turn of the century, when horseless carriages were still an oddity, steam, electricity, and gasoline vied to replace the horse.

Plentiful and inexpensive crude oil, which began gushing in 1901, gave the gasoline-powered engine the economic edge needed to ensure its dominance.

Few electric cars were built after 1918 as America grew up with the gasoline engine. Now, the electric car is making a comeback as a nonpolluting fuel saver, and researchers in government and industry are studying alternatives to the 102-year-old, spark-ignited, internal combustion engine.

In 1976, Congress passed the Electric and Hybrid Vehicle Research and Development Act, which directs up to $160 million into advanced battery research and the purchase of up to 10,000 electric vehicles.

In July, the Department of Energy switched on the largest electric engine project to date. DOE chose five contractors, including Walt Disney World in Florida and American Telephone and Telegraph's Los Angeles office, to put 165 electric vehicles on the road within a year. The U. S. Postal Service already has 352 small, battery-powered trucks, most of which were built by American Motors.

However, the electric car will be practical only for short trips and deliveries until a high-energy battery of reasonable weight can replace the heavy lead-acid battery. Nickel-zinc and nickel-iron batteries are considered possibilities to double or triple the present electric car's range of about 60 miles between charges.

Rep. Mike McCormack (D.-Wash.), who introduced the electric vehicle act, thinks the probability of fuel savings justifies continued development.

"When we have ten million electric cars on our streets, which I believe is a reasonable goal for the 1990's, we will save 20 million gallons of gasoline or the equivalent of 500,000 barrels of oil a day," he says.

Detroit thinks the end of the gasoline engine is years off, but through 1985 the lightweight diesel pioneered by Mercedes-Benz is likely to become more popular. Candidates for the post-1985 engine include the gas turbine, the Stirling-cycle engine, and conventional engines fueled by a blend of gasoline and alcohol—gasohol.

Using alcohol refined from cane sugar and other tropical plants, Brazil has become a leader in powering its vehicles with a mixture of 80 percent gasoline and 20 percent alcohol. Researchers say the mixture provides gas savings, better performance, and higher octane with, surprisingly, no engine modification.

Given the fact that energy to run electric cars must come from as yet unbuilt power plants, it is not impossible that, within a decade, many U. S. vehicles will be "gasoholics."



Electric vehicles don't have to be ugly. The prototype Copper Electric Town Car has a range of 100 miles. Its top speed is 55 mph and it cruises at 40 mph.



Detroit landmark: This 80-foot high tire looms over the Ford freeway.

hicles. A Chevy pickup was number two.

A record 3.1 million light trucks were sold in 1977, an increase of more than 400,000. The popularity of vans, pickups, and utility vehicles, often loaded with optional equipment, reached the point where light trucks outsold cars in many Ford and GM sales regions.

Despite healthy sales, the growing federal tendency to tighten clean air, safety, and fuel standards has led one industry economist to comment: "We are at the foothills of Mt. Everest and regulators fully expect us to climb."

But automakers say that they need cooperation from the federal government, and more importantly, an understanding that theirs is a risky business. Now, more than ever, Detroit must sell cars so that the industry will be able to finance the manufacture of energy-conserving vehicles for the 1980's and 1990's.

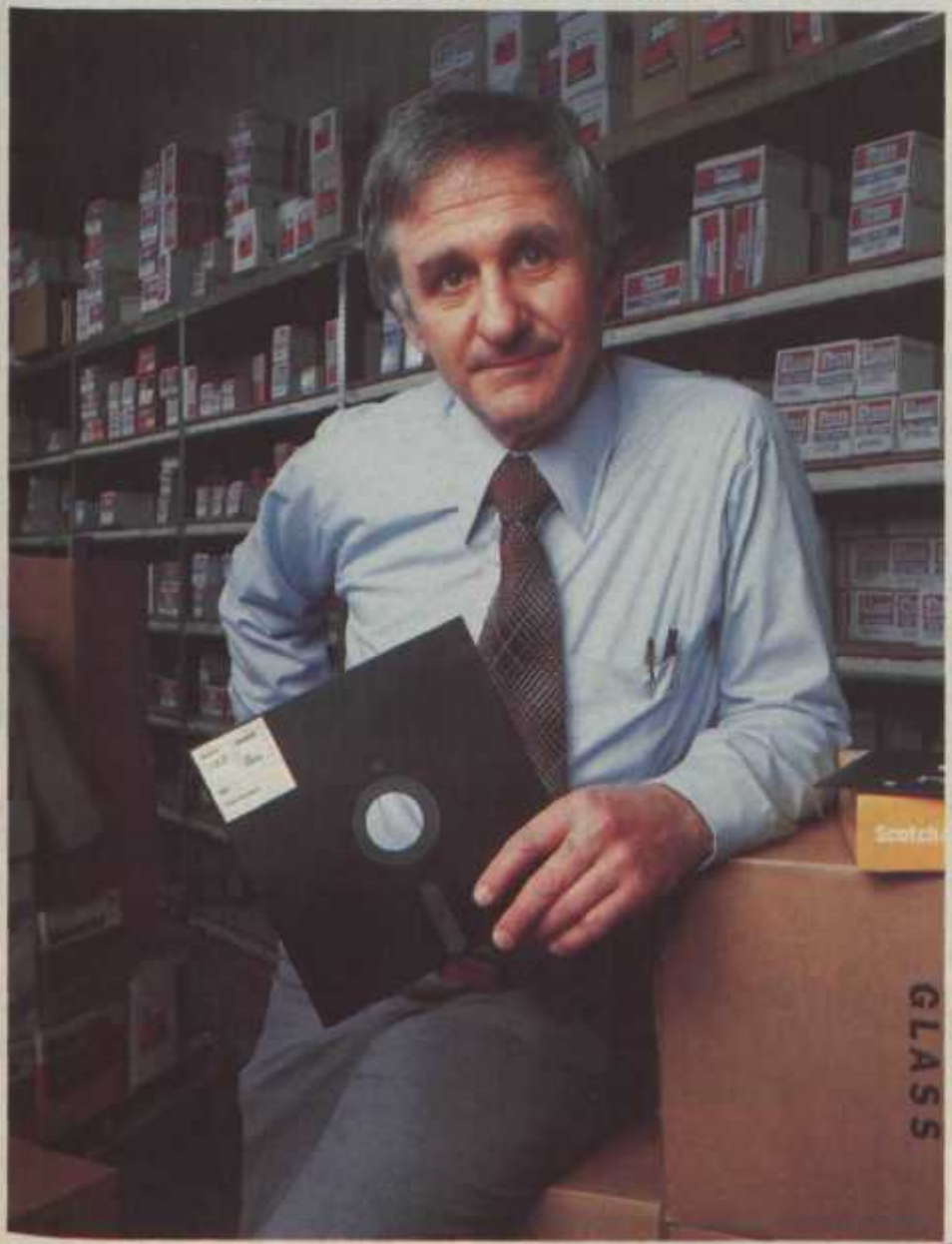
As Mr. Murphy of GM told a group of auto dealers: "A lot depends on our ability to present a convincing argument to the customer that the package of satisfaction and value we are offering today is sufficient reason for him to buy today. . . .

"We deal in more than a product—we deal in a satisfying, emotional experience. The customer experiences a sense of release, of freedom, in his purchase. He is buying personal mobility for which there is no substitute."

In essence, what Mr. Murphy is saying is that America's romance with the auto is far from over. It is simply ripening into a mature, till-death-do-us-part relationship.

To order reprints of this article, see page 86.

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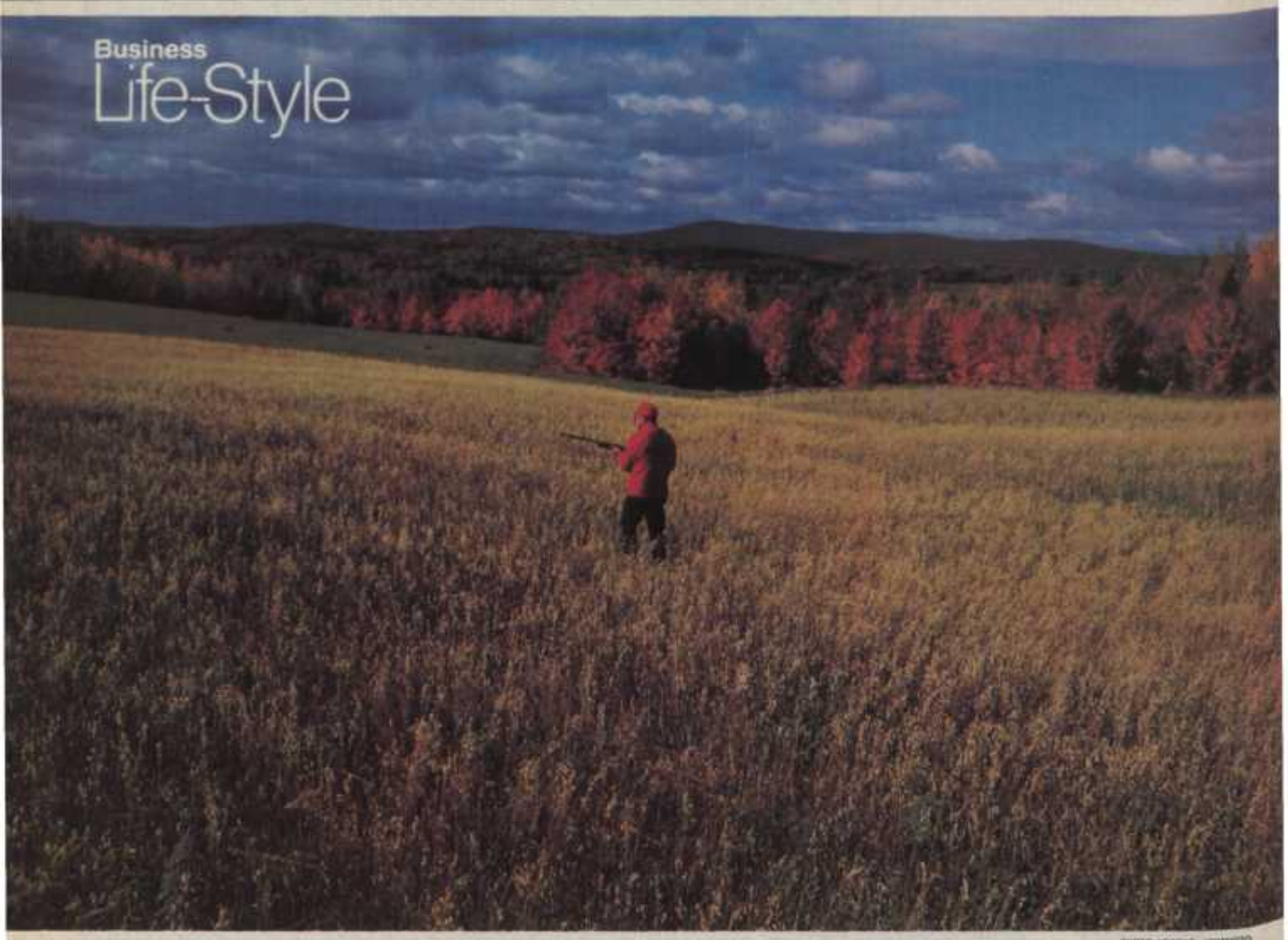


PHOTO: KOSCAR—UNIPHOTO

HUNTING: An American Tradition

AUTUMN, the time of crisp cool days and colder nights, is also the time when about 20 million Americans go hunting.

By law, most hunting in the U. S. occurs from early September through January. Seasons vary from state to state, and in some states the hunting of certain types of game is legal almost year-round. But most Americans hunt in the open season: This protects game during the mating and rearing periods in spring and summer.

The U. S. Fish and Wildlife Service reports that 16.3 million Americans—aged nine and older—hunted small game in 1975. Most went after the rabbit. The next most popular quarries were the squirrel, quail, pheasant, grouse, and partridge. The wildlife service, which says the hunting population has remained fairly constant in the past, conducts a comprehensive survey every five years as required by law. The 1975 survey was published in 1977.

Dr. Constantine P. Chaconas, a Maryland dentist, is one of the more dedicated small-game hunters. Whenever he can get away from his practice, he takes to the fields for pheasant, quail, and other game birds—in season, of course.

"Hunting is very relaxing, and you get outdoor exposure in all types of weather," he says. "Hunting also offers an in-depth understanding and appreciation of nature."

Many bird hunters take along a companion, and Dr. Chaconas is no exception. He and his dog, Flaker, have spent many hours in the Maryland countryside hunting birds.

"The dog becomes a partner. If you raise a dog with love and affection, that dog will just about break its heart to find game for you."

Also, says Dr. Chaconas, with a bird dog "you can recover game even if it falls into rough terrain."

An ardent conservationist, Dr. Chaconas believes that hunting is a game management tool. "The real conservationist invariably turns out to be a

PHOTO: UNA FLYNN—LEVERON



Silhouetted against a setting sun, a bird hunter and his companion decide to call it a day.

As he quietly stalks through a newly harvested field in search of small game, a hunter gets a dividend in fresh air and vivid fall colors.

hunter or fisherman," he says. "The hunter was the one who requested legislation to tax ammunition, firearms, and hunting accessories to provide funds to buy and maintain land in a natural state. You'll also find that many ecological programs were funded not via general taxes but through a tax on hunters' fees."

Dr. Chaconas, a member of the board of directors of the National Rifle Association of America, offers this advice to the novice bird hunter: "If you want to find game, you have to know the life-style of game, how it survives, what it uses to survive. You have to be an ardent observer of nature. You have to know what game does on rainy days, windy days, and snowy days. You have to know the habitat."

He adds: "When you shoot, make sure you are within range and can make a swift, clean kill. If you want to be a good hunter and sportsman, make sure of your targets; shoot only in safe areas and at identified game."

A FELLOW BIRD HUNTER and another staunch supporter of good hunting practices is Dr. Richard L. Lesher, president of the Chamber of Commerce of the United States. Whenever he can, Dr. Lesher and his dog, Gunner, head for the woods—favorite areas are in his native Pennsylvania.

He says hunting is a "really interesting diversion. It is so different from the normal routine. It is something truly in the American tradition."

An important aspect of hunting, say those who enjoy the sport, is that it allows parents to spend a few quiet hours with their children, just doing something together.

Dr. Lesher often takes his two sons hunting. He says one of his children once told him: "Well, Dad, it doesn't matter how much we got today. It's just fun being out here."

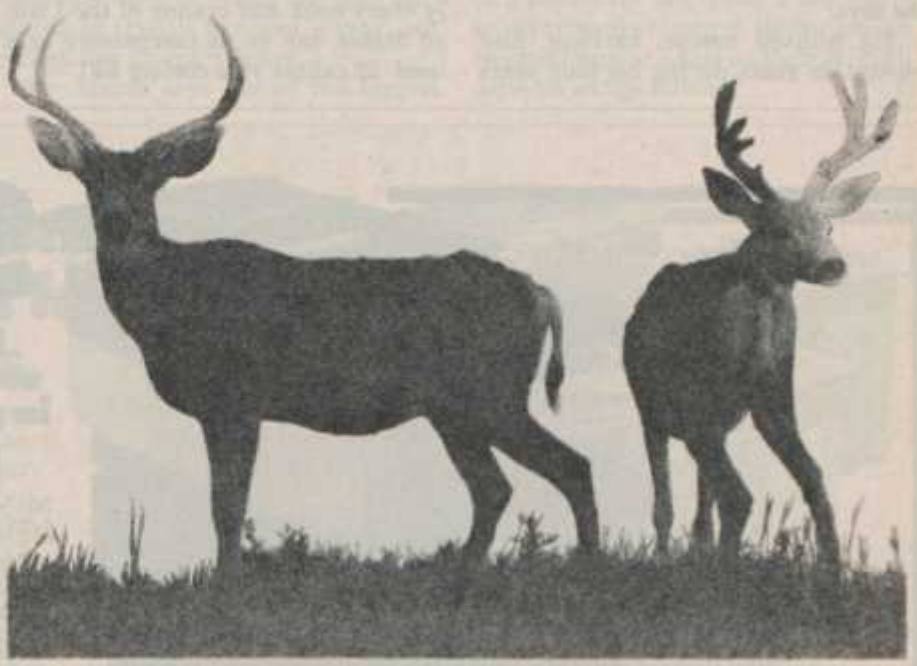
Of the millions of Americans who hunt, the 1975 survey says that 92 percent are men. The average age of both men and women hunters is 33 years, and the average household income of hunters that year was $14,700. Also, about half the hunters lived in metropolitan areas, and more than two million hunted with bow and arrow.

The average hunter hunted 23.2 days in 1975 and spent $284. The total spent on hunting and related activities that year was $5.8 billion: $1.23 billion for food, drink, and refreshments; $227 million for lodging; $2.1 billion for transportation; $1.86 billion for hunting equipment; $134 million for fees; and $277 million for licenses, tags, and stamps.

HUNTERS SUPPORT much of the game conservation in America through fees for licenses, tags, and stamps. In many areas, good game management has increased the number of animals.

For example, Pennsylvania has more deer today than at the turn of the century. Glenn Bowers, executive director of the Pennsylvania Game Commission, says: "Back then, the state's herd numbered only a few thousand. Today, it is about 650,000."

One reason is that deer thrive in a young forest where foliage is close to the ground. From the Civil War era until the 1920's, large chunks of the forests of Pennsylvania were cut down. When wide-scale cutting stopped and reforestation began in the 1930's, the Pennsylvania deer herd swelled tremendously.



One of the more noted success stories in Pennsylvania game management involves restocking of the wild turkey, which Benjamin Franklin wanted as the national bird instead of the eagle.

"Early this century, the turkey was confined to small pockets in south-central Pennsylvania. No one has a good handle on the number, but it was very limited," says Mr. Bowers. "Today, we have turkeys throughout the forested regions of the state. Hunters take about 30,000 turkeys a year."

Pennsylvania is not the only state where wild turkeys are hunted. In recent years, they have been introduced in a number of states, including California, Washington, Wyoming, the Dakotas, Montana, and Michigan.

Mr. Bowers thanks hunters for much of the state's successful conservation efforts, including the acquisition of 1.2 million acres of land for wildlife. "If the hunters hadn't put up the money, we couldn't have done a lot of the things we did," he says. The Pennsylvania Game Commission operates entirely on funds derived from the sale of hunting licenses. Many state fish and game agencies or commissions are also self-sustaining.

By far the most hunted animal—in Pennsylvania as in the rest of the nation—is the deer. Americans spent nearly 100 million hunting days pursuing deer in 1975. This statistic covers only resident hunters in each state. Thousands of deer hunters go out of state to hunt.

Also high on the big-game list is the elk, and one who enjoys hunting both deer and elk is James D. Crowl, the head of Rio Grande Surveying Service, Inc., a small firm in Taos, N. Mex.

His backyard consists of rugged mountains. Several years ago, he, his son, Scott, and an employee, Taylor

Streit, bagged three elk within 80 miles of Mr. Crowl's home.

"We'd been camping out for about a week and had seen no elk, so we came home. That night, however, we decided to go out once more. We went back to the same area, and by the end of the day we had three elk. We spotted them about a mile away from us. It took us all morning to go just that one mile. We had to be careful so that they wouldn't smell or see us."

MR. CROWL adds that "we eat all the game we kill." He said the meat from the elk he and his son bagged "lasted about a year and a half and helped to supplement the budget."

A forestry engineer, Mr. Crowl is familiar with some extremely rough territory. He spent some time in northern Idaho and then worked for the U. S. Forest Service in Alaska.

"We lived on a homestead near Chitina, and in Valdez and Sitka, which is on the Alaskan panhandle. It's very rugged country. In winter it gets to 40 degrees below zero, sometimes colder," he says.

He hunted moose, caribou, and mountain goats during his four years in Alaska, "living off wild meat for about two of those years. I hunted close to where I lived. I didn't need to go any farther."

One time on Baronof Island, he came upon an eight-foot, 1,200-pound brown bear that was eating salmon. "We surprised him, and he got mad and began to chase us. We hid and finally were able to detour around him, about five miles."

The 1975 survey revealed that 13 million Americans went after big game, the most popular hunting pursuit next to small game. The third most popular category is the hunting of migratory birds, which involved 8.6 million people in 1975.

The most hunted migratory bird is the duck, followed by the dove, goose, woodcock, rail, and coot. In the wildlife service's category of "other hunting," the most popular targets are the woodchuck and ground squirrel, followed by the crow, fox, and coyote. More than six million hunters went after these animals in 1975.

Hunting, which is available in nearly every nook and cranny of the United States, can be as inexpensive as a used .22 caliber rifle costing $30.

Hunting can also be very expensive. Charles W. Mapes, Jr., a noted big-game hunter, says safari hunting costs thousands of dollars. He has been on six safaris to different parts of Africa and has bagged 45 different animals which are listed in a world record book.

MR. MAPES was raised near the foothills of the Sierra Nevada mountains in northwestern Nevada, where his family was in the ranching business. In his youth, "we had open ranges where I learned how to hunt. We would give our cowboys 30-30's to shoot coyotes and mountain lions," he says.

Mr. Mapes also hunted deer for the family larder, and in winter "we would shoot geese." He learned early how to survive in the wild, how to track and stalk, what the habits and patterns of the hunted animals are, and what gear is necessary for a successful and safe hunt.

After World War II, Mr. Mapes's family began construction of the Mapes Hotel-Casino in Reno, Nev. It opened in December, 1947, with Mr. Mapes as president and general man-



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ager. He still holds those titles today, and his organization of 1,200 employees also includes the Mapes Money Tree Casino in Reno.

"I'm in such a people-oriented business that it's great to get out and reaffirm myself with nature," he says.

His first African safari was in 1967. During that trip he bagged one of the largest elephants ever taken out of Kenya. The animal's 130-pound tusk measures more than 11 feet. He also shot a rhinoceros that had a 40-inch horn and the fourth largest Cape buffalo ever taken in the world. He says the buffalo record still holds.

SAFARIS changed his type of hunting. "It was not just to shoot an animal for food or whatever, but to shoot an animal that would mean something, an animal that could be displayed in the hotel or my trophy room, an animal that would go in the record book."

Another safari took him to Ethiopia, where he met the late Emperor Haile Selassie. Mr. Mapes was introduced by Prince Philip of England, who was visiting the area. Mr. Mapes had loaned his camp to the prince for three days.

"We hunted birds and camp meat for the prince and his entire entourage. The prince arranged an audience with Haile Selassie to repay us for use of the camp."

On yet another safari, this time with his nephew, he went to Botswana, "where we hunted the Kalahari Desert and the Ogavago Swamp, which is about the size of Massachusetts." The swamp is also the home of the dreaded tsetse fly, and Mr. Mapes "got some bad fly bites. But I was healthy and didn't get sick."

Safaris are not the easiest form of hunting, says Mr. Mapes. "To get an animal in the record book, you have to have a lot of training. You're hunting one animal out of many."

Safari hunting has been declining in recent years as more African countries have banned such trips. Klineburger Outdoor World of Seattle, a large international travel agency, says about 30 African hunting trips were booked through the firm last year, but there used to be more. The number of Americans who hunt in Africa has been estimated at several hundred a year, but no one has an exact figure.

Mr. Mapes says one of the biggest threats to game in Africa is poaching. To help combat poaching, hunters and conservation organizations have collected hundreds of thousands of dollars over the years to pay for game wardens, the upkeep of game preserves, and equipment such as helicopters. But, Mr. Mapes says, little game conservation is going on in countries that are closed to hunters.

SOME African countries, however, are still open. The potential safari hunter should plan to spend about 30 days in Africa, "depending on what you're after," says Mr. Mapes. Also, the bare-bones cost of a safari today, he says, is about $25,000, which does not cover taxidermy.

But trophies are valuable property and can be sold to collectors. For example, Mr. Mapes's trophy elephant tusks have been appraised at $85,000.

For the desk-bound business executive, hunting may be just the sport to get away from it all. He can sit in a blind or traipse to the highest mountain peaks. He can spend a few hours or many weeks hunting. He can use an elephant gun or a bow and arrow. It all depends on the hunter. □

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The Governor Who Kept His Promises

By Vernon Louviere

Insurance Executive Longley applied business acumen to the government of Maine and cut taxes, reduced spending, and trimmed the bureaucracy

When James Bernard Longley ran for governor of Maine in 1974, he pledged to cut taxes, reduce spending, trim the number of state employees, introduce business practices to government, and step down after one term.

The voters of Maine—and of every other state as well—had heard such promises before, but they voted Mr. Longley into office.

What happened?

Gov. Longley cut taxes, reduced spending, trimmed the number of state employees, introduced business practices to government, and is now stepping down after one term.

Jim Longley doesn't consider these achievements particularly unusual; he intended all along to run the state government like a successful business. He ran a successful business before entering politics, and he plans to resume it in January.

Popularity rating

By almost every account, Gov. Longley was a shoo-in for reelection. Recent polls showed his popularity running from 70 to 75 percent. After he announced in May that he would unequivocally stand by his pledge not to seek a second term, his popularity rating rose another five to ten points.

The 53-year-old chief executive, a lifelong Democrat, ran as an Independent, making him the first Independent governor in the U. S. in half a century. That independence enabled him to assume office unencumbered by political IOU's and to make appointments without regard to party affiliation.

"When I assumed office, most of my experience was in the business world. I wanted to have government operate more like a business," the former insurance executive says. "I felt strongly that the business concept was badly needed in government and would make government more accountable for its actions."

Admittedly, Gov. Longley is an idealist, but he is also very practical. He realized that, with the politics involved, he could not convert the state government into a total business entity. So he did the next best thing.

"I decided that the government would be a corporation of the people, with the citizens and taxpayers the stockholders as well as the customers."

As the Maine "stockholders"—both individual taxpayers and businesses—will attest, Gov. Longley's "corporation" has come up with a profit on the bottom line.

When he took office in 1975, he was told he would have to go to the taxpayers for an additional $50 million to $100 million to finance all the services required by the citizenry. This would be on top of another $30 million to meet a deficit in educational spending. Jim Longley decided to tighten the belt around the bureaucracy at the state capital in Augusta.

Last January, he went before the state legislature with some good but unusual news. Instead of dunning the taxpayers, he would declare a "dividend." The projected deficit had been avoided. In its place, Gov. Longley reported a $43 million surplus.

Many governors would hold on to such a surplus and then find ways to spend it on new or expanded state programs. Gov. Longley called on the legislature to return a large share of the surplus to individual taxpayers and to ease taxes for business as well.

Not only did individual taxpayers share a $20 million refund, but also the legislature voted a $4 million cut in personal income taxes. Corporate income taxes were cut by one percent, not the four percent the governor had asked for but nonetheless a start. It was the first tax cut in the history of the state.

Grudging approval

The legislature had flatly refused to cut corporate taxes by four percent and only grudgingly approved the smaller reduction. Actually, the governor told Nation's Business, the lawmakers really wanted to strip the business tax benefits already on the books.

"I refused to go along and threatened to veto the whole tax bill," the governor recalls, "because this would have discriminated against the businesses that provide jobs.

"This is a message that is too often unheard: When you mistreat business, you are really discriminating against working men and women and many retired people who own stock. Don't they deserve equal treatment?"

Jim Longley's belt-tightening edict was effective.

The number of state employees has been reduced 15 percent since he took office. No one lost his job; it was accomplished by retirements and resignations.

The $30 million deficit in educational spending was wiped out by carefully going over every program's accounts. Loopholes in an educational funding law were closed.

Two huge cuts were made in welfare spending. During a 30-month period, the number of people receiving food



Gov. Jim Longley, top left, believes that more business people should accept the challenge of public office. "If we can harness even a fraction of the business talent we've got, I think we can turn this country around," he says.

stamps was slashed from 170,000 to 93,000—a 45 percent reduction. Similarly, the number of families receiving payments under the Aid for Families with Dependent Children program plummeted from 24,000 to 18,000—a 25 percent decrease.

Maximum grants

Part of the savings from these cutbacks was funneled into the system. Maximum grants to AFDC families were increased by 45 percent.

"We eliminated the chiselers and put a stop to the rip-offs," says the governor. "We are not talking about the majority of people on welfare who are honest. This isn't a case of people cheating the system. It's the system cheating people and encouraging welfare and unemployment."

Gov. Longley says eliminating the abuses allowed him to focus more attention on those really in need—the handicapped, the elderly, and people who legitimately wanted a job and couldn't find one.

"What we said was: 'You've got to take a job if one is offered,' or 'you have to report all of your income,' or 'you can't divorce your wife, move back in, and qualify for welfare.' "

Not surprisingly, Gov. Longley says, the greatest resistance to welfare reform came from within the bureaucracy and from "a small number of bleeding hearts who didn't care how much of their neighbor's money was being given away."

To run for governor, Gov. Longley gave up his own insurance company, which had made him a millionaire.

Becoming a successful businessman, much less becoming governor, was not the kind of dream that occupied a poor boy growing up in the mill town of Lewiston, Maine. In fact, it was questionable whether young Longley would finish high school.

His father, a streetcar operator, died when Jim Longley was midway through high school. He had lined up a job in the mills and was ready to quit school to help support the family when an older brother, Howard, intervened. Howard, a mill employee, began working a double shift. That enabled Jim to finish high school.

Later, Mr. Longley worked his way through four years at Bowdoin College in 27 months and then received a law degree from the University of Maine night school.

Indignation, more than anything else, drew Mr. Longley into politics. In 1973, he headed a team of businessmen who came up with 807 recommendations on how the state government could save an estimated $23 million. The recommendations were largely ignored. Mr. Longley decided to run for governor to see that they were carried out.

Gov. Longley says that his experience in government has convinced him that more business people should accept the challenge of public office.

"If we can harness even a fraction of the business talent and ability that we've got—getting business people to serve a term in the state legislatures or in Congress—I think we can turn this country around," Gov. Longley says. "I have great faith in the business community. I also have great concern if they fail to respond."

Increasing onslaughts

Gov. Longley believes the business community knows that it can no longer sit by and wait for government to improve itself. He told a business group recently: "The private sector must start supporting people who will make the changes from within."

From the vantage point of the governor's chair, Gov. Longley says he is more aware than ever of the steadily increasing onslaughts on the private enterprise system.

"I am concerned about the programs which are being advocated almost daily in our legislatures; these programs would push us closer and closer to a society where half the people will be working to support the other half.

"I am concerned about the strong resistance I have seen—even in the legislature here in Maine—to tax relief efforts that would benefit business. It is disturbing to me to see the attacks on small, medium, and large businesses and industries which provide jobs for our people.

"I ask myself whether those who constantly advocate more and more welfare spending and, at the same time, attack the businesses which provide the jobs which pay for the welfare are not, in fact, advocating a socialistic, divide-the-wealth approach."

Welcome aboard, Gov. Brown

Gov. Longley is somewhat amused that the taxpayers' revolt in California is getting so much public attention; the voters in Maine fought and won a similar battle against property taxes a year ago. Actually, he says, a lot of the strategy employed in promoting Proposition 13 in California was adopted from the Maine campaign.

Unlike Gov. Edmund Brown, Jr., of California, Gov. Longley heartily en-



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Reader Comment

"Whether or not to establish a corporation is a business decision. At the present time your lawyer will charge from $300 to $1500. In reality, in most cases he will spend less than an hour working for you. In order to protect yourself from your lawyer, read Ted Nicholas' book. You will be amazed at how simple it is and how little time it takes. Even more important, you will discover you can form your own corporation without a lawyer and save a lot of money."

Samuel A. Weems, Former Judge and District Attorney, Author of "How To Protect Yourself From Your Lawyer"

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C1046

dorsed the citizens' drive to reform his state's property tax laws. After the California vote, he wired Gov. Brown: "Welcome aboard."

Gov. Longley's unrelenting campaign against high taxes and escalating government spending has generated strong support among taxpayers. They have backed his call for a special session of the legislature to consider a change in the state constitution which would give voters a powerful voice in determining spending limits at both the state and local levels.

If the proposed change is approved, all state and local spending above a predetermined figure—probably pegged at the previous year's spending ceiling—would have to be approved in special referenda. Under another proposal, all surplus funds would be returned to the taxpayers.

Throughout his administration, Gov. Longley has hammered against the theme that problems can be solved by increasing government spending. Lately, he has also criticized the suggestion that more spending—at all levels of government—is the way to prop up a sagging economy.

"We made a grave mistake when we accepted the first government spending program on the twofold basis that it would meet a need and provide jobs and an economic stimulus," he says.

"We have to determine what dollars are available, based on the ability of the people to pay, and then which programs can be continued and which new ventures can be started. Government must stop its present practice of dreaming up new programs and then finding dollars to fund them."

Surplus funds

Gov. Longley believes that a healthy economy can better be achieved by giving freer rein to private initiative and reducing the impact of bureaucratic government.

As part of this, he would like to see more and more tax dollars returned to the taxpayer when economies in government generate surplus funds.

"Sadly," he says, "it has been the tendency of government to spend surplus dollars rather than return them to the people as an overpayment. This is another example of government not applying the same standards to itself as it does to the people and to the business community. Government would certainly demand repayment by a retail store that overcharged an individual for a pair of shoes or a new coat." □



When Gov. Longley took office, he was told he would have to demand up to $100 million more from taxpayers to cover increasing state spending. He rejected that idea, produced a $43 million surplus, and returned half of that to taxpayers.

Only the Voters Could Love This Governor

Gov. Longley has alienated almost every influential group in Maine while acquiring a popularity rating almost unparalleled in state history. But this is perhaps not too surprising as the "Portland Press Herald" pointed out a few months ago when it said in an editorial:

"No one likes Gov. Longley except the quiet and overburdened majority of the citizens of Maine. No one likes him except enough people to elect him to any office for which he chooses to run.

"Few legislative leaders like Gov. Longley because he strives always to keep costs down, thus eliminating chances to buy votes by financing programs that benefit special interest groups.

"Most career welfare recipients don't like him. Neither do most of the fat-salaried administrators of social welfare programs.

"The Democrats can't forgive Gov. Longley for rallying the workers to the cause of fiscal sanity.

"The educators can't forgive him for challenging the need of money mountains towering to the sky. The academics can't forgive him for defying pseudo-intellectual concepts.

"No one likes the governor except the voters who like fiscal restraint, productive jobs instead of handouts, tax relief instead of tax increases, and austerity rather than prodigal spending.

"No one loves Gov. Longley except the farmers, the woodsmen, the mill hands, the fishermen, and all the workers who are tired of being taxed to support the indolent, the opportunistic, and the educators whose yearly workload is about equal to one month's effort by a pulpwood chopper.

"No one loves Gov. Longley except the citizens who know he has jolted the political parasites out of their complacency and saved millions of dollars while still providing all the essential state services, slashing away only at the fluff."

How to Learn About Most Job Openings in Your Field

If you are looking for a better job, there is now a single source which can tell you about most job openings as soon as they become available. It's called The National Reporter of New Job Openings, and it can assist people in all fields and locations.

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In today's competitive job markets, winning a better job is not easy. The real key is in finding out where the job openings exist.

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Now, for those looking for administrative, professional, managerial or executive positions, this frustration can be eliminated and in a totally revolutionary way.

Here's what it's all about. Our firm has invested more than $750,000 to research and make available on a current basis, complete information on new job openings as they occur. (All states, fields and income levels are covered).

What this means is that we can put in your hands . . . *detailed information on the best job openings in every part of America . . . and in your own particular area of interest.*

Thousands Of Job Openings Available

To fully grasp the tremendous value of this breakthrough you have to know a little bit about the job market.

For example, you may not have realized that at almost any time, there are more than 60,000 specific openings over $15,000. We know this to be a fact because our research staff has them on file.

Unfortunately, while these jobs take an average of 12 weeks to fill, the typical job seeker never knows about them. Many are advertised once . . . but even then the ads are spread among 220 major media from coast to coast. *(Now, however, people who use The National Reporter need never miss out on these possibilities.)*

How It Works

Let me explain just how we do it. Our professional staff is the largest of its type in the country. Every day they research the entire nation, reviewing thousands of new job openings that have just been released *(by companies, executive recruiters, employment agencies, educational institutions and other organizations).*

In the process, we isolate all of the administrative, professional, managerial and executive positions. To the best of our knowledge, we uncover more than 85% of all known job openings in the country. *(In all states, east to west and north to south).*

As we compile the information, the descriptions of all new openings are grouped by occupation and income. Subsequently they are available for distribution by mail to our subscribers.

One of our clients recently said that "Using the National Reporter is like having my own staff . . . working full time . . . to screen every new job opening in America." Others have praised it as "absolutely indispensable," and "the greatest job hunting breakthrough in decades."

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Each week, when you receive the job openings, all you have to do is make your selections, and follow our instructions for directly contacting the organizations who have the jobs available. *(We are not involved and receive no fees from either employers or recruiters.)*

Our instructions include a complete Job Hunting Kit, one which contains some ingenious but little known success formulas . . . techniques for turning openings into job offers. Proven through years of testing they are simple, practical and easy to put into use.

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THE HIDDEN PAYCHECK

Employee Benefits Average $90 a Week

EMPLOYEE BENEFITS will cost employers a record $350 billion this year to cover vacation time, paid holidays, sick leave, insurance, and government and private pensions.

The total cost of these benefits now equals about one third of total payroll dollars. Trends indicate benefits may be an even larger chunk in the future.

Benefit costs are growing almost twice as fast as wages. The costs mushroomed 173 percent between 1967 and 1977, while wages and salaries grew 98 percent. Employers spent an average $90.23 a week for each employee's benefits last year, nearly triple the $33.06 weekly payout in 1967.

The amount and nature of employee benefits are analyzed in a new survey of 748 firms conducted by the Chamber of Commerce of the United States. This is the 16th biennial study by the Chamber, which has traced the growth of employee benefits since 1947.

Benefit costs, as expected, vary widely from company to company, and from industry to industry. In 64 companies, benefit costs were less than $50 per employee per week; 59 firms' costs

Weekly Employee Benefits per Employee

	1977	1967	Percent change
Insurance (life, hospital, surgical, medical)	$14.62	$4.02	+264%
Pensions (nongovernment)	14.60	5.02	+191
Old-age, survivors, disability and health insurance taxes	13.33	4.88	+173
Paid vacations	12.23	5.21	+135
Paid rest periods, coffee breaks, lunch periods	8.62	3.44	+151
Paid holidays	7.79	3.25	+140
Unemployment compensation taxes	3.71	1.25	+197
Workers' compensation	3.58	1.00	+258
Paid sick leave	3.00	1.00	+200
Profit-sharing payments	2.71	1.48	+83
Christmas or other special bonuses, suggestion awards	0.96	0.63	+52
Thrift plans	0.90	0.15	+500
Salary continuation or long-term disability	0.60	N.A.	N.A.
Employee meals furnished free	0.44	0.23	+91
Dental insurance	0.42	N.A.	N.A.
Discounts on goods and services purchased from company by employees	0.31	0.25	+24
Employee education expenditures	0.29	0.08	+263
Other employee benefits	2.12	1.17	+81
Total employee benefits	$90.23	$33.06	+173%
Average weekly earnings	$245.87	$124.33	+98%

N.A. - Data not available.

Weekly Employee Benefits Cost by Industry in 1977

	Per employee per week
ALL INDUSTRIES	$90.23
MANUFACTURING:	
Petroleum industry	124.63
Chemicals and allied industries	113.35
Primary metal industries	110.52
Transportation equipment	101.98
Machinery (excluding electrical)	93.90
Fabricated metal products (excluding machinery and transportation equipment)	87.96
Electrical machinery, equipment, and supplies	86.33
Stone, clay, and glass products	84.42
Rubber, leather, and plastic products	83.98
Printing and publishing	82.92
Food, beverages, and tobacco	82.83
Pulp, paper, lumber, and furniture	79.50
Instruments and miscellaneous products	75.81
Textile products and apparel	50.75
NONMANUFACTURING:	
Public utilities	115.48
Miscellaneous nonmanufacturing industries (research, engineering, construction, transportation, mining, hotels)	99.38
Banks, finance, and trust companies	86.19
Insurance companies	81.96
Wholesale and retail trade	66.88
Hospitals	51.44
Department stores	51.13

per employee exceeded $135 per week.

Petroleum industry benefits averaged $124.63 weekly, the public utilities, $115.48, and the chemical industry, $113.35. Among the lower-paying industries were textile products and apparel with $50.75, department stores with $51.13, and hospitals with $51.44.

25 benefits covered

The two principal types of benefits are wages paid for time not worked, including vacations, holidays, sick leave, coffee breaks, and rest periods, totaling $32.56 a week, and payments for pensions, insurance premiums, social security taxes, unemployment compensation, profit sharing, and similar benefits, totaling $57.67 a week.

The survey covered more than 25 benefits, but four—insurance premiums, private pensions, government pensions, and paid vacations—cost more than $12 per employee per week each. These four benefits accounted for more than 60 percent of the total cost.

The most expensive benefit was employer payments for life, hospital, surgical, and medical insurance, averaging $14.62 per employee per week in 1977. This is also the fastest growing major benefit—it has increased 264 percent in ten years.

Private pensions were the next most expensive benefit, averaging $14.60 per employee per week. The petroleum industry's pension payments were highest at $29.41, followed by public utilities at $27.50.

Lowest pension costs were reported by department stores at $3.37, and by the textile products and apparel industry at $3.50.

Employer taxes for old-age, survivors, disability, and health insurance averaged $13.33 per employee per week. This does not include an equal amount withheld from the employee's wages.

The cost of paid vacations averaged $12.23 per week. Vacations ranged from a 17-day average for the petroleum industry down to nine days for the textile and apparel industry and for wholesale and retail trade. Overall, the average was 13 days.

17 minutes a day

Paid coffee breaks, rest periods, wash-up time, and other on-the-job time paid for but not worked cost employers an average $8.62 per week per employee last year. This time averaged 17 minutes a day, up from 13 minutes a day ten years earlier.

The annual average of eight paid holidays cost employers $7.79 per week per employee. The transportation equipment industry averaged ten paid holidays per year, the electrical machinery industry averaged nine, while wholesale and retail trade averaged six. □

"Employee Benefits 1977," *a 32-page report, can be purchased postpaid for $5.00 per copy from the Chamber of Commerce of the United States, Washington, D. C. 20062.*



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Readers Split Over Best Way to Cut Taxes

READERS responding to the August "Sound Off to the Editor" question are evenly divided over the best way to cut taxes.

California's Proposition 13 type of tax revolt is viewed by moderates as a meat-ax approach to fiscal reform. They point out that tax reform has often been championed by special-interest groups concerned only with lowering their own taxes and suggest a more balanced approach aimed primarily at curbing marginal services.

Advocates of the meat-ax method say drastic action is the only way to rally public support and convince politicians of the depth of citizen concern.

"The so-called tax revolt was initiated by poor government planning and irresponsibility in applying tax dollars where taxpayer needs should be met," says Terry L. Myers, vice president for industrial relations and personnel at American Standard, Inc., New Brunswick, N. J.

"Severe cuts are not the answer. Eliminate the waste, and educate the taxpayer. Governments no longer have an open checkbook."

Edmond A. Siebert, president of Siebert Engineers, Inc., Hinsdale, Ill., agrees that a balanced approach is best. He offers this suggestion: "All taxes, both on business and individuals, should be reduced and government spending as well. Then expenditures should be tied into the growth rate of the Gross National Product."

Another formula for even-handed tax cutting is outlined by Kay L. Wieland, manager of the Chamber of Commerce in Atlanta, Texas. "The meat-ax approach will produce a wide range of undesirable effects on large segments of the population.

"A balanced approach would eliminate marginal services, impose a mandatory balanced budget in two years, increase taxes only with two-thirds congressional approval, limit the budget to a specific percent of the Gross National Product, and establish mandatory work requirements for welfare eligibility."

Eugene F. Abel, treasurer-controller of Myers Industries, Inc., Lincoln, Ill., insists that "a revolt is a revolt! One of its purposes is to get someone's attention (similar to the mule and the two-by-four). First, let's get the legislators' attention, then take a balanced approach after they get the message."

"Since the government used a meat ax to expand, it will certainly take a meat-ax approach to bring it under control," says Robert E. Hosse, vice president of Martin Theatres of Georgia, Inc., Atlanta. "When $7 billion fell through the cracks at the Department of Health, Education, and Welfare, the department should have been severed from any further funds."

An advocate of a balanced tax reform program is James Parcher, president of Skipjack Cove Marina, Inc., Georgetown, Md.

"I wish people would realize the seemingly obvious fact that, in the long run, taxes on business tax people. Perhaps the various business organizations should join together in a major educational program. Fiscal restraint should certainly include spending cutbacks to accompany tax limitations."

"We must act reasonably because our representatives are beyond reason," says W. C. Rieker, a trustee of The Rieker Instrument Co., Clifton Heights, Pa.

D. E. Shanks, sales manager of Zip Feed Mills, Inc., Sioux Falls, S. D. comments: "If you run your business or household on deficit spending, pretty soon you are bankrupt. I can't understand why we run our government this way." Mr. Shanks continues: "I don't agree with Proposition 13, but it is a

Mayor/Businessman Favors Balanced Tax Reform



In my view, the time has long since passed when we should make a concerted effort to stop the accelerated growth of bureaucracy at all levels of government. Were it not for the private enterprise system, there would be no one to pay the bill for extravagance and waste which we have in government.

We should let our elected representatives know that we mean business in this matter.

I speak not only as the president of a medium-size corporation but also as the mayor of the city of Durham, North Carolina.

In our budget for fiscal 1979 we simply tightened our fiscal belts without raising local taxes.

Wade L. Cavin

P. S.

Since 1931 the State of North Carolina has been bound by law to operate on a balanced budget, and I see no reason why the federal government cannot do the same thing, given a reasonable time to place this into effect.

Mr. Cavin has been mayor of Durham since December, 1975. Prior to that he served on the city council for seven years.

He has been a businessman for 22 years. Currently he heads Cavin's, Inc., an independent dealership for 3M business products.

way of saying that we are going to have a tax revolt, and I am all for it. Common sense tells us we had better take the bull by the horns and do something."

Robert W. Hinds, president of George W. Mount, Inc., Greenfield, Mass., also feels that Proposition 13 is too severe. He predicts that "jobs and programs that should not be cut, will be cut. It's a shame that Mr. Carter, if he was so concerned about balancing the budget, didn't do something like this two years ago."

Another message for President Carter comes from Ross L. Robe, president of Colony Real Estate, Ltd., Oklahoma City, Okla. "Congress and Jimmy must become more conservative," he says in favoring a balanced approach to fiscal restraint.

W. H. Dunn, owner of Wright, Dunn and Company, Richmond, Va., says: "For years I supported high taxes with debt reduction, but it didn't happen. Slow reversal is obviously the only rational planned approach, but that won't happen either. Like the mule, government requires a two-by-four between the eyes to get its attention. The meat-ax approach will be terrible, but on our present course, our nation's fall is inevitable."

"I am so disenchanted with the manner in which our elected officials handle the taxpayers' money that at this point an immediate 180-degree turnaround is necessary," says Wayne Lindstrom, accountant for Rothenbuhler Engineering, Sedro-Woolley, Wash. "The meat-ax approach for me, and let the chips fall where they may."

"What do you mean by balanced approach?" asks Wayne Lowell, manager of WUMI-WQID Radio in Biloxi, Miss. "My family checkbook is operated on a balanced approach all the time. I submit that the American taxpayers have shown marvelous restraint and have allowed ample time for the Washington crowd to get our federal house in order.

"A surgeon doesn't cut out a little piece of cancer. He tries to get it all—at once. If you're waiting for a bunch of bureaucrats to reduce their share of the taxpayers' money, forget it.

"Finally, at long last, the taxpayers who foot the bills have got to say: 'Stop! Enough! You shall waste and squander no more.'"

Carl Whitesel, president of Chestnut Enterprises Inc., Ashtabula, Ohio, wants a balanced approach to cutting taxes. "Every person and business are feeling the pinch of unneeded taxes. Government has grown to the point where it is out of touch with reality. A balanced tax reduction would stimulate the economy and put the government in the same position as business. Simply, it should operate within its income."

No meat-ax approach for Julian F. Pugh, vice president of Superior Homes, Inc., Houston. "Burning down the barn may well get rid of the rats, but that's an expensive solution to the problem. Cut out all the fat that is, in fact, true fat. This may require a butcher knife rather than a paring knife, but let's not be guilty of cutting off our nose to spite our face, whether it's done delicately with a paring knife or not so delicately with a cleaver."

Richard E. Galvan, a certified public accountant in Long Beach, Calif., put the problem in an historical perspective. "If our forefathers had not used a meat-ax approach to British taxes at the Boston Tea Party, we would probably still have committees studying the matter—in London." □



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Customizing the Customs Service

Commissioner Robert E. Chasen, who wants to change the image of his agency, says he is biased toward business



An inspector uses a computer terminal to check travelers through the Customs' Accelerated Passenger Inspection System.

TO MOST AMERICAN travelers returning from abroad, the U. S. Customs Service is a blue-uniformed inspector who interrogates them about what they bought in which country and then riffles through their dirty laundry looking for watches, perfume, and other items not declared.

To many businessmen who deal in foreign merchandise, the customs "cop" has the same kind of "police mentality" attitude toward the multibillion dollar import trade.

The whole process of going through customs makes almost everyone feel resentful, and this public resentment of a government agency, which began functioning with George Washington's signing of the Tariff Act of 1789, has not gone unnoticed by the man who runs it.

"We are out to change our image," says Customs Commissioner Robert E. Chasen, a retired top official with the International Telephone and Telegraph Corp., who took over the federal post in July, 1977. "We want the nation and the world to know that we are America's number one public service agency."

In speech after speech before business audiences, Mr. Chasen says: "I am a former businessman, and since I have been with the customs service, I have made no secret of my bias toward business."

One of the agency's duties is to process close to $150 billion worth of imported goods coming into the U. S. annually. Imports brought the Treasury Department more than $6 billion in duties and taxes last year.

Customs must also patrol 93,000 miles of border and coastline and keep watch on 300 ports of entry. This year, more than 300 million people will cross U. S. borders, almost 25 million of them flying in.

Drug smuggling problem

Smuggling is a never-ending problem for customs inspectors. At the top of the list are narcotics and illegal drugs, most of which flow in across the Mexican border. As new techniques are developed to thwart the wily smuggler, he finds still cleverer ways to conduct his illegal trade.

Customs is now working with the Air Force to install a system that will detect aerial smugglers. With this system, high-flying Air Force radar planes can spot illegal planes crossing the border and alert the customs patrol so it can seize the smugglers when they land on U. S. soil.

As worldwide competition for the foreign trade dollar increases, new burdens are placed on the customs service. It now enforces U. S. antidumping statutes which were passed to halt the sale of foreign goods in this country at prices below the cost of their manufacture. Any American company can petition for an antidumping investigation if it feels it is a victim of unfair competition.

After several American steel manufacturers complained that the Japanese were dumping steel in the U. S., manufacturers of other goods began to seek antidumping relief.

"We've had petitions for everything from Finnish hockey sticks to Danish butter cookies and even Polish golf carts," Mr. Chasen explains.

As chairman and chief executive officer of several ITT subsidiaries, Mr. Chasen was deeply involved in international trade. His experiences with the customs service were favorable, he says.

Strong resentment

"But listening to importers and brokers—as we do at regular monthly meetings which we began when I came on board—convinced me that there was strong resentment against the customs service," Mr. Chasen says. "People truly believed that the general attitude toward business was that of a police mentality."

Mr. Chasen says he is determined to create a different state of mind among all customs employees. He wants them to regard business men and women "as people of integrity and high principle ... who do not have to prove themselves innocent."

In his meetings with business people around the country, Mr. Chasen has come up against a common complaint: "Customs doesn't really understand my business. Customs understands the rules and regulations and the law, but it doesn't understand the true problems of my business, particularly as it relates to customs."

As often as not Mr. Chasen will reply: "Well, I can go along with that. But the other side of the coin is that business people do not fully appreciate the true problems of interpreting the intent of many, complex federal laws and implementing them."

Commissioner Chasen says he is anxious to eliminate many of the frustrations business people complain about. Among other things, he has established at the Washington headquarters a business liaison desk to which any businessman can direct complaints or inquiries.

"It is important to improve relations with the business community since so many aspects of the agency's activities affect business," he explains. "This ranges from more efficient processing for those who trade internationally to protecting domestic industry from unfair foreign competition."

Horse-and-buggy systems

As a man who came out of the high-technology world of ITT, Mr. Chasen found himself facing a lot of horse-and-buggy systems when he took over as commissioner. The last time the customs service underwent any kind of procedural reform was in 1956.

"We are still bound by a set of laws that never heard of a computer," says Mr. Chasen. "Everybody we deal with in business is computerized, and we haven't moved that far along."

All this is changing, however. Customs is installing an Automated Merchandise Processing System which will enable brokers and importers to deal with the agency in much the same way the average American uses credit cards. Instead of prolonged delays and voluminous paperwork, transactions will be instantaneously recorded on computers.

There is good news, too, for the millions of passengers who move through customs gates each year. By 1980, when 320 million people—26.3 million by air—are expected through customs, the waiting and inspection that can now routinely take an hour or more for returning vacationers and business people will be almost nil.

One new approach, the Customs' Accelerated Passenger Inspection System, has been tried sucessfully at international airports in Miami, Seattle, and Washington, D. C. Under this system, only a handful of passengers will have to go through the total luggage check. For most passengers, only hand-carried bags will be inspected.

That, however, is only a beginning. At tomorrow's customs gate you will simply give your name, which will be punched on a computer keyboard. In seconds the computer will determine if you warrant closer scrutiny. If not, you—and the vast majority of travelers—are free to walk through.

Suspect countries

What kind of person might be stopped? Mr. Chasen explains:

"Say you are coming in from the Far East and carrying more than $5,000 in cash, which the law requires you to declare. You are going to stay in the U. S. only two or three days and then fly to Turkey or Colombia. Now, these countries are suspect as far as narcotics are concerned. Obviously, we would want to look you over.

"But suppose you are a businessman—you work for IBM—and you have no kind of suspicious record. We'd wave you through immediately."

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Going through customs has been synonymous with long lines and frustration, as these travelers at Kennedy International Airport will attest. Most waiting will be over once the new computer screening system is operating.



Modern equipment such as this ground radar scanner on the Mexican-U. S. border, helps the customs service patrol about 93,000 miles of border and coastline against illegal aliens and rising drug traffic.



Customs Commissioner Robert E. Chasen, a retired corporate executive, says he is determined to remove the suspicion among business people that his inspectors have a "police mentality."

thing else, will apply to the millions of travelers who bring in small gifts that may require payment of duty.

"We will rely on the basic honesty of people," the commissioner says. "Let me give you a statistic. Last year, approximately $120 billion worth of exports entered the country from which we collected about $7 billion in tax. Of that, only $13 million was collected in small amounts. As a businessman, I can tell you it cost us more than $13 million to collect that $13 million."

Modern detection methods

The computer check on a traveler's background will be backed up by other technology. One device being tested—a neutron backscatter—will detect narcotics in seconds.

Another, which operates on the principle of vapor detection, will create an air curtain through which the traveler walks. This air curtain will react if a person is carrying narcotics or explosives.

"We at customs are making a late start in today's world of consumer consciousness," Mr. Chasen admits. "We have been hampered for years by archaic laws and obsolete techniques, but changes now being considered by Congress will help us to serve the traveling and importing public better."

The Customs Procedural Reform Act now making its way through Congress would raise the duty-exempt limit from $100 to $250 and set the duty on

Using a Lawyer May Be Dangerous to your Wealth

I'm a lawyer myself—and I may be cutting my own throat—but I'm going to tell you the truth:

The bulk of what most lawyers do could be done by someone who had never seen the inside of a law school—and usually is.

Lawyer's *secretaries* do most of the work on wills, divorces (as well as annulments and legal separations), bankruptcies and creditor plans, simple contracts, real estate deals (buying, selling, and leasing), run-of-the-mill personal injury cases, adoptions, filing home steads, insurance claims, minor criminal cases . . . and the list goes on and on.

And what do these Legal Secretaries do? They follow directions and fill in the blanks on forms. That's all. It's as simple as that.

That's why I think you may be ready to try being your *own* lawyer—and save a 'ton' of money.

But before you decide, answer these two questions: (1) Can you follow simple directions—no more complicated than assembling a Christmas toy or reading a cook book? (2) Do you have the few cents necessary to buy the correct forms at a Legal Stationery Store?

If your answer to both of those questions is "yes," you're *ready*. Well, *almost* ready. There are just two more things you should know:

(1) You don't necessarily have to have "the few cents necessary to buy the correct form at a Legal Stationery Store." Because I'll tell you how and where to get many of these forms *free*.

(2) You'll need a book. It's called "Do Your Own Legal Work." (And you *can* do your own legal work—no matter which State you live in!)

The book took more than a year to write. Based on what I've actually been earning in my law practice, that represents more than $100,000 worth of advice.

I mention that, not to brag, but so you'll know that I'm not some kid, fresh out of law school, and hungry for a few bucks. Along that line, you should know that I've been practicing for 13 years, and I've written the book about the legal problems I work with, day in and day out.

Some other things you might want to know: I've published technical legal articles that explain the law—to lawyers. I've served as a research assistant to a Judge of the U.S. Circuit Court of Appeals.

What will it cost you to "hire" a lawyer with those qualifications? Ten dollars. Just about what I—and lots of other lawyers—would charge you for 10 *minutes* of legal advice.

Why so cheap? Because I hope to sell a million copies—or at least enough so I can take some time off and enjoy life with my family.

That's what's in it for me.

And here's just a sample of what's in it for *you* (including complete directions and sample forms you can practice with):

How to find and use forms . . . page 7

How to draft your own will . . . page 36

How to handle your own criminal case . . . page 72

How to settle your own accident or personal injury case . . . page 82

How to handle an adoption . . . page 99

How to dissolve your marriage . . . page 113

How to solve debt problems—from consumer-credit counseling to bankruptcy . . . page 127

How to draft a contract . . . page 209

How to handle real estate transactions . . . page 216

How you can use a Law Library—free—to avoid probate! . . . save taxes! . . . form a corporation! . . . and handle hundreds of other matters! . . . page 25

Now I'm not saying that you're never going to need a lawyer. I *am* saying that if you do need to see one, you'll be *ready* and be able to handle a lot of the simple, clerical work yourself. You'll save *his* time.

Here's an example of how my book will cut down on those precious minutes: For an attorney to draw up a simple contract might cost you $400 if he had to start from scratch. It could cost you $30 if he had to take only a half hour to review the work you'd already done—and *can* do, using my book.

Lawyers get $60 for husband-wife wills; I'll show you how to do your own in less than an hour. Lawyers charge $450 for a simple divorce which may take less than two hours of their time. Lawyers get between $3,000 and $4,500 for obtaining a $9,000 personal injury settlement. I'll show you how to do as well, or better, by yourself. Lawyers get $150 for an adoption, but their secretaries do the work—and so can you.

Your best guarantee that my book is everything I say it is, is this: My fellow lawyers will be watching me like a hawk. I wouldn't dare mis-step or mislead you. It could cost me my license.

What's more, I'm so sure you'll find my book *immediately* profitable—that I'll let you read it *before* you pay for it!

Send me your check or money order today—and I promise not to deposit it for 30 days. That should give you time enough to look it over and decide whether to keep it or return it. If you do return it, I'll send back your *uncashed* check or money order.

At worst, you'll be out a few cents for postage. Seems like a pretty small risk for a book that I honestly believe could save you thousands of dollars in legal fees.

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other items at a flat ten percent. The act would also permit the agency to continue with its modernization plans and would update some of the agency's laws. The original versions of several customs laws date from the Navigation Act of 1799.

The role of the customs service has changed dramatically since then, but its mission is largely the same—to collect revenues from imports and to oversee tariff laws.

Customs actually saved the struggling young nation from going bankrupt. For the first 125 years of its existence, duties were virtually the only source of income for the government. These revenues paid for the opening of the West, the purchase of the Louisiana and Oregon territories, the building of West Point and Annapolis service academies, and the construction of much of the nation's capital. In 1835, these revenues paid off the national debt.

The shoot-em-up days of the early West (the sheriff who ended the career of Billy the Kid in a gun fight later became a customs inspector) and Prohibition are gone, but in the war against narcotics the beleagured customs service is battling a superior force.

Last year, the agency made 24,000 drug seizures, including 774 tons of marijuana and 278 pounds of heroin. Still, the smugglers manage to stay a step ahead of government agents, no matter how sophisticated their detection methods and devices.

"I think the smuggler is now better equipped than we are," Mr. Chasen says. "We're playing catch-up."

Now that the Air Force is bringing in modern planes and radar equipment, the customs' border patrol will have a better chance of forcing at least a standoff with the smugglers.

A small agency compared to many in the federal establishment, the customs service must enforce about 400 laws administered by 40 government agencies. These range from the National Firearms Act of 1934 to the Federal Meat Inspection Act of 1907. The agency accomplishes all its tasks with slightly more than 7,000 employees.

"No," Mr. Chasen says, "we are not adequately staffed. We probably never will be. But I think technology will make up the difference, and that's where we're going to close the gap." □

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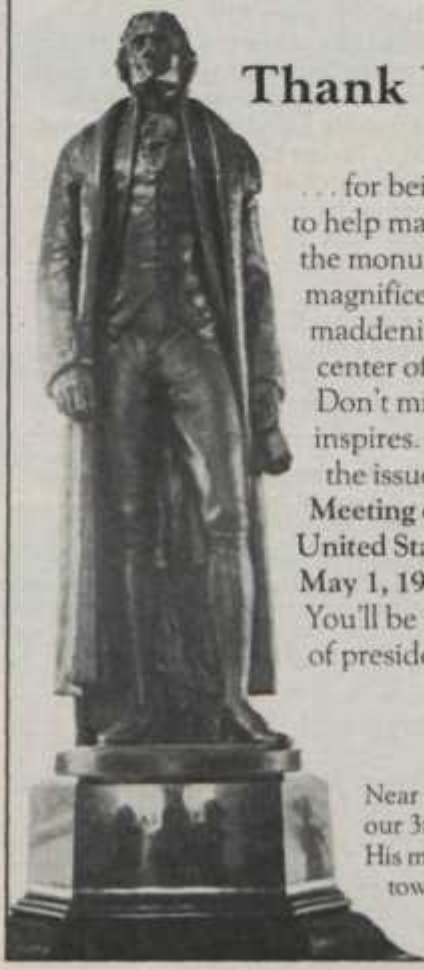
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Whipping Your Worst Enemy on the Job: Hostility

By Milton Layden, M. D.

An emotional fitness program can help a company sharply reduce losses caused by employee problems that range from poor concentration to absenteeism

IN THE past few years, Americans by the millions have jogged, pushed up, and otherwise exercised themselves to better physical health. To aid this movement, many companies have provided fitness programs for their employees.

But at the same time that workers have sweated their way to healthy bodies, relatively little has been done to promote fitness of minds.

Poor emotional fitness is the leading cause of loss to industry through poor concentration and judgment, lack of motivation, mental and physical illness, accidents, absenteeism, and addiction to alcohol, drugs, and gambling.

Yet, despite the urgent need for emotional fitness, few companies provide training programs that actually do the job.

Instead, the usual practice is to provide medical and psychiatric treatment after the employee becomes ill. The result: loss of services of valuable employees and skyrocketing costs for medical care.

Essential ingredient

Companies can sharply reduce these losses by instituting an emotional fitness program. The essential ingredient of such a program is that it teaches employees to protect themselves against the most destructive force they face on the job: hostility.

Hostility (anger, resentment, hurt feelings) is a natural product of the brain. But when the level of hostility is substantially increased, it becomes the chief cause of mental disturbance.

The hostile individual becomes fear-ridden and error-prone, a fact known for centuries. The Hebrew Talmud says: "As a man becomes hostile, he falls into error."

And the great 16th century physician, Cardano, said: "When a man is hostile, he is insane."

Even the most intelligent people will commit gross blunders when they become hostile.

Hostility causes problems both on and off the job. Sexual dysfunction, for example, is almost always due to a circle of hostility between the partners. Frigidity in the female and impotency in the male are caused by hostility to the mate.

Objects of disrespect

We become hostile whenever we believe we are the objects of disrespect. Anything we view as disrespect from another person, such as blame, makes us feel inferior.

Although feelings of inferiority are a normal component of our mental makeup, the more they increase, the more hostile we become.

Hostility is destructive to the worker and his team for several reasons:

1. It generates anxiety, tension, depression, and distrust in himself and in those to whom he is hostile.

2. It plays havoc with concentration, memory, and judgment and, therefore, is the chief cause of blunders. Because hostility is contagious, it causes those to whom we feel hostile to make mistakes. The distracting effect of hostile and anxious feelings is the main cause of industrial accidents as well as auto and home accidents.

A careful investigation has shown that a mere ten percent of the work force is responsible for 70 percent of the accidents. The usual accident report by the investigating manager attributes the accident to carelessness, thus overlooking the actual cause, the high level of hostility and anxiety in the victim's brain.

3. Hostility is the principal cause of fatigue, laziness, and headache.

4. The worker who habitually feels compelled to keep a lid on his hostility (suppressed hostility) has lowered resistance to the common cold, influenza, and other virus diseases, and he is a sitting duck for heart attack, high blood pressure, stroke, stomach ulcer, and a host of other ailments. The consequences can be disastrous.

One example: A board of inquiry blamed Britain's worst air disaster—a crash in 1972, killing all 118 persons aboard—on the pilot, who suffered a heart attack shortly before the crash. The report stated that "the heart attack stemmed from a heated argument in the airline's crew room just before the flight. It is clear that [the pilot] was very angry indeed. It is likely that the blood vessels of the heart had already been weakened by the stress from previous bouts of hostility."

5. Recent research points to suppressed hostility as a predisposing factor in the onset of cancer.

6. Hostility is a large factor in tardiness, absenteeism, goofing off, and poor motivation. The more hostile the employee, the more likely he is to feign disability. Disability pensions for employees who are perfectly well have resulted in a huge financial drain on industry. Even without that, the large number of genuine illnesses and accidents caused by hostility results in astronomical costs for medical care and disability pensions, which contribute significantly to inflation.

What is being done?

Although practically nothing of any value is being done about the hostility of working personnel, in the instances where antihostility therapy has been employed it has brought about dramat-

ic improvement in health and cooperativeness. Consider the difference in the following two cases, in which one employee received therapy and the other did not.

• Fred G. was the chief research chemist for a large corporation. He discussed his work problem with me following the first of a group of seminars I was presenting to executives on the subject of overcoming hostility. He was full of hatred for his boss which he had been keeping to himself for years. "He accuses me of wasting the company's money in unproductive research projects," Fred said. "When I tell him that they may result in substantial profit, he still forces me to abandon the projects. He's just plain stupid."

Unfortunately, Fred did not return for the remaining five seminars. Instead, spurred by the excessive anger he had been suppressing for so long, he resigned and started his own company. Although he was successful in persuading a number of the customers from his previous company to transfer their accounts, he did nothing about his hostility. Within a year, Fred was dead as the result of a heart attack.

• The case of Ed B. had a happier outcome. He, too, had been keeping his hostility toward his boss and other managers to himself for the most part. Ed was a brilliant engineer and was highly valued by his company. But he fumed because his boss rejected his repeated requests to allow him to straighten out the incompetence of a department which Ed felt was hampering his own department's productivity. When he finally complained to his boss and other higher-ups, he was told not to make waves.

Ed said that he came to my course because the company had lost eight men due to heart attacks and strokes in the past year.

When he learned that the hostility that he believed he was concealing was perfectly well perceived by management, he realized that he was the source of much of the hostility and opposition he was getting from them. His resentment dissipated rapidly. Not only did he regain his former enthusiasm for his work, but he soon earned the receptivity of his boss and was permitted to make corrective measures in the lax department.

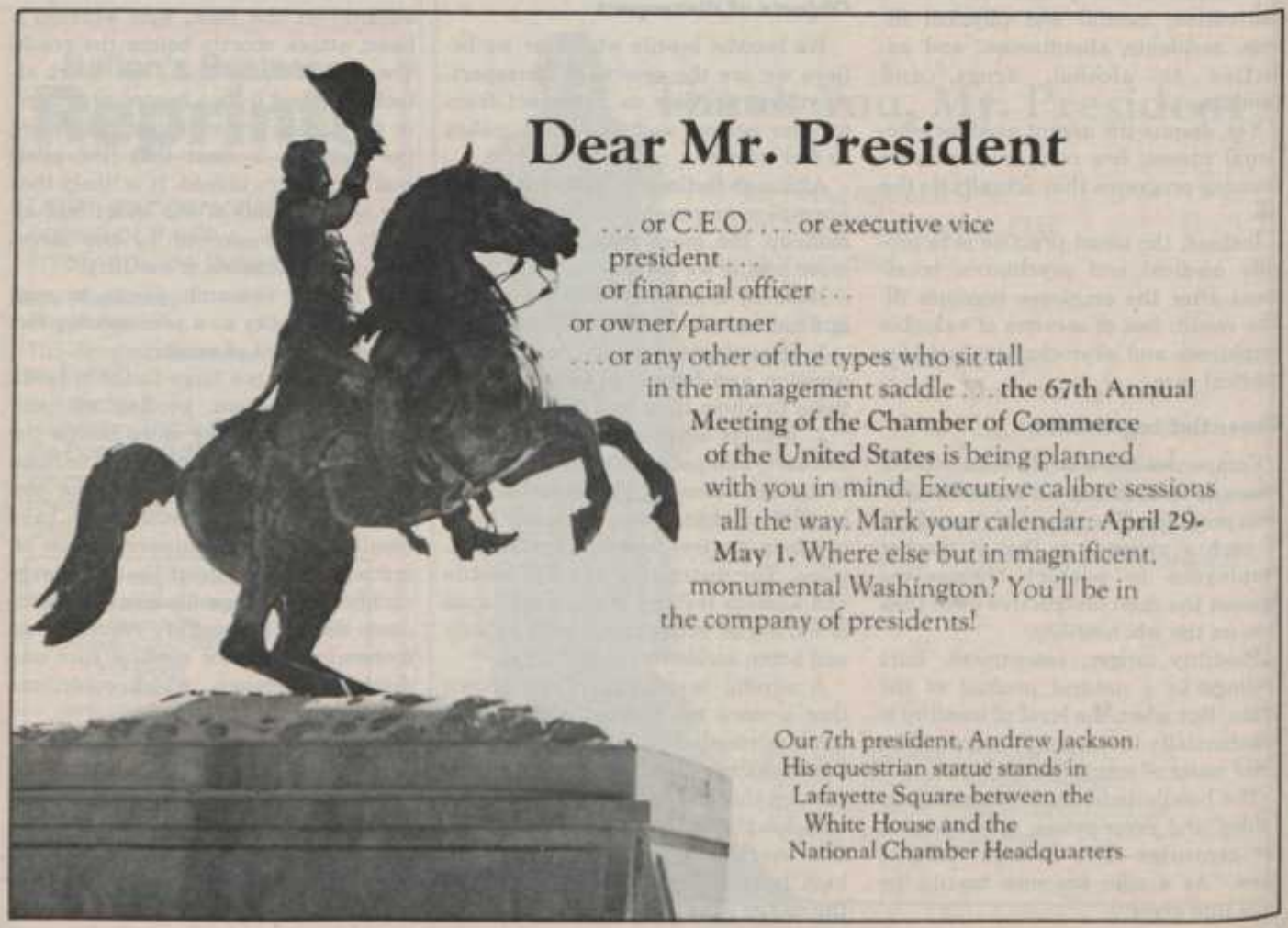
As mentioned earlier, we always become hostile when we feel we are objects of disrespect. Human beings automatically react to any form of putdown, such as blame or an attitude of superiority, with the belief that they have been relegated to an inferior position.

Unbalanced system

The reason for this is that the emotional system, like all the other systems of the body, is controlled by a balancing mechanism. Thus, in the respiratory system, whenever we create a deficiency of oxygen, as we do in exercising, the balancing mechanism comes into play automatically to speed up the breathing rate and restore the oxygen to the normal level.

A similar mechanism operates in the emotional system. The vital requirement of this system is respect, specifically the need to feel that one is on a par of human worth with others. We easily tolerate inferiority in specific activities. What is intolerable is the conviction that we are to blame for our inferior status.

This conviction of self-blame, experienced as a feeling of inferiority, is the underlying cause of hostility and anxiety, and therefore the basis of almost



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SONGS (ARTIST)

Take the "A" Train (Duke Ellington Band)
They Say It's Wonderful (Frank Sinatra)
More Than You Know (Lena Horne)
When the Saints (Louie Armstrong)
Tangerine (J. Dorsey Orch.)
Pennsylvania 6-5000 (Glenn Miller Orch.)
Strings of Pearls (Glenn Miller Orch.)
I'm Getting Sentimental Over You (Mel Torme)
Lady Be Good (Count Basie and the Orch.)
When You Were Sweet Sixteen (The Ink Spots)
Music Makers (The Harry James Orch.)
The Last Time I Saw Paris (Johnny Desmond)
Garden in the Rain (The Sportsmen)
I'll Be Seeing You (Kate Smith)
Let's Get Away From It All (Tommy Dorsey)
Sunrise Serenade (Glenn Miller Orch.)

SOUNDSTAGE II

SONGS (ARTIST)

These Foolish Things (Ted Weems)
I've Heard That Song Before (Harry James)
A Tisket, A Tasket (Ella Fitzgerald)
It's the Talk of the Town (Johnny Desmond)
I Surrender Dear (Mel Torme)
Blueberry Hill (Louie Armstrong)
Green Eyes (Tommy Dorsey Orch.)
Navy Fight Song (Glenn Miller Orch.)
Boogie Woogie (Tommy Dorsey Orch.)
To Each His Own (Ink Spots)
In The Mood (Glenn Miller Orch.)
Yankee Doodle Boy (Norman Brooks Orch.)
Moonlight Serenade (Glenn Miller Orch.)
Sing, Sing, Sing (Benny Goodman Orch.)
Frankie & Johnny (Lena Horne)
You Made Me Love You (Judy Garland)

SOUNDSTAGE III

SONGS (ARTIST)

You'd Be So Nice to Come Home To (Kate Smith)
Got a Pebble in My Shoe (Ella Fitzgerald)
Don't Get Around Much (Duke Ellington)
I've Got a Crush on You (Frank Sinatra)
This Can't Be Love (Johnny Desmond)
Somewhere Over the Rainbow (Judy Garland)
Don't Fence Me In (Shep Fields Orch.)
Moonlight Cocktail (Glenn Miller Orch.)
So Rare (Jimmy Dorsey Orch.)
Bugle Call Rag (Benny Goodman Orch.)
If I Didn't Care (Ink Spots)
Twilight Time (Les Brown Orch.)
Heartaches (Ted Weems)
Taking a Chance on Love (Tommy Dorsey)
Red, Red Robin (Sportsmen)
I'm Getting Sentimental (Tommy Dorsey)

SOUNDSTAGE IV

SONGS (ARTIST)

Ghost of a Chance (Mel Torme)
When I Take My Sugar (Shep Fields Orch.)
Side by Side (Kate Smith)
Harbor Lights (Shep Fields Orch.)
Woodchoppers Ball (Woody Herman Band)
Swanee River (Tommy Dorsey Orch.)
Best Things in Life Are Free (Frank Sinatra)
Elmer's Tune (Lawrence Welk Orch.)
Cuddle Up A Little Closer (Ink Spots)
Flat Foot Floogie (Louie Armstrong)
Little Brown Jug (Glenn Miller Orch.)
That Old Devil Moon (Johnny Desmond)
Somebody's Taking My Place (Ted Weems)
Sophisticated Lady (Duke Ellington Orch.)
Wish You Were Here (Judy Garland)
Don't Squeeze Me (Lena Horne)

SOUNDSTAGE V

SONGS (ARTIST)

Velvet Moon (Harry James Orch.)
I Wonder Why (Bing Crosby/Judy Garland)
I Had the Craziest Dream (Harry James)
Ain't Misbehavin' (Fats Waller)
A Slow Boat to China (Dick Haymes)
I'll Be Around (Anita Ray)
Tuxedo Junction (Glenn Miller Orch.)
Song of India (Tommy Dorsey Orch.)
Blue Skies (The Sportsmen)
Habanera (Glenn Miller Orch.)
Perfidia (Billy Daniels)
If I Had You (Benny Goodman Orch.)
Red Sails in the Sunset (Sportsmen)
Swing Low (Tommy Dorsey Orch.)
People Will Say We're in Love (Kate Smith)
Rock-a-Bye Basie (Count Basie Orch.)

SOUNDSTAGE VI

SONG (ARTIST)

You Do Something to Me (Frank Sinatra)
Kalamazoo (Glenn Miller Orch.)
All of You (Johnny Desmond)
Me and My Shadow (Shep Fields Orch.)
Music Maestro Please (Tommy Dorsey Orch.)
All or Nothing at All (Billy Daniels)
Oh, Look at Me Now (Dick Haymes)
At Last (Glenn Miller Orch.)
Coffee Time (Les Brown Orch.)
But Not Like You (Benny Goodman Orch.)
Sunday Kind of Love (Anita Ray)
April in Portugal (Ted Heath Orch.)
I've Got the Sun in the Morning (Bing Crosby)
This Love of Mine (Tommy Dorsey Orch.)
Linger Awhile (Shep Fields Orch.)
The Man With a Horn (Harry James Orch.)

SOUNDSTAGE VII

SONG (ARTIST)

Say It Isn't So (Ted Weems)
Rock-a-Bye Your Baby (Judy Garland)
Chattanooga Choo Choo (Glenn Miller Orch.)
Marie Lena (Tommy Dorsey Orch.)
April in Paris (Count Basie Orch.)
The Poor People of Paris (Lawrence Welk)
Don't Worry 'Bout Me (Mel Torme)
Poor Butterfly (Benny Goodman Orch.)
Marie (Tommy Dorsey Orch.)
Isle of Capri (Shep Fields Orch.)
Sentimental Journey (Les Brown Orch.)
American Patrol (Glenn Miller Orch.)
Peanut Vender (Stan Kenton Orch.)
Just You, Just Me (Frank Sinatra)
My Heart Stood Still (Dick Haymes)
Frenesi (Al Goodman Orch.)

SOUNDSTAGE VIII

SONGS (ARTIST)

Serenade in Blue (Glenn Miller Orch.)
When My Sugar Walks (The Sportsmen)
So Far (Dick Haymes)
Prelude to a Kiss (Duke Ellington Orch.)
Stompin' at the Savoy (Benny Goodman Orch.)
There Are Such Things (Tommy Dorsey Orch.)
Got the World on a String (Bill Daniels)
A Fine Romance (Shep Fields Orch.)
Blue Moon (Les Brown Orch.)
Cherokee (Charlie Barnett Orch.)
Full Moon Empty Arms (Lawrence Welk Orch.)
I Know Why (Glenn Miller Orch.)
It Ain't Necessarily So (Pres Prado Orch.)
Jeepers, Creepers (Louie Armstrong)
Tennessee Newsboy (Frank Sinatra)
Moonglow (Al Goodman Orch.)

SOUNDSTAGE IX

SONGS (ARTIST)

I Found A New Baby (Benny Goodman Orch.)
I've Got My Love To Keep Me Warm (Les Brown)
I'll Never Smile Again (Tommy Dorsey Orch.)
Let's Put Out the Lights (Shep Fields Orch.)
I Can't Believe That You're in Love (Mel Torme)
After You've Gone (Benny Goodman Orch.)
Blue Champagne (Glenn Miller Orch.)
Stardust (Al Goodman Orch.)
Sleepy Time Gal (Harry James Orch.)
Hold Tight (Andrews Sisters)
Tenderly (Kate Smith)
I Can't Get Started (Johnny Desmond)
Polka Dots and Moonbeams (Frank Sinatra)
Claire De Lune (Glenn Miller Orch.)
This Time the Dream's on Me (Dick Haymes)
Chasing Rainbows (Lawrence Welk Orch.)

SOUNDSTAGE X

SONGS (ARTIST)

Ten O'clock Jump (Count Basie Orch.)
There Must Be A Way (Shep Fields Orch.)
Anvil (Glenn Miller Orch.)
I Can't Give You Anything (Mel Torme)
Who's Sorry Now (Kate Smith)
I Don't Want to Walk (Anita Ray)
Sunny Side of the Street (Tommy Dorsey)
Come Rain or Come Shine (Kate Smith)
Sleepy Lagoon (Harry James)
Drigo's Serenade (Glenn Miller Orch.)
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There are a number of ways in which you can overcome these feelings and win the battle against hostility.

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2. You must recognize the source of your hostility. We almost always blame it on something the other fellow has done to us. This is the mistake that causes most of our difficulties with others. We become hostile as a natural reaction to our feelings of inferiority. This is abbreviated in the following simple formula:

$$I \longrightarrow H$$

I = Inferiority feeling
H = Hostility

3. But you are not inferior at all. The trouble is that you have become sensitive as a result of the many put-downs to which you have been exposed in your life.

4. If you are not inferior, why is the other person hostile or manifesting a superior attitude toward you?

Answer: I ⟶ H in the other fellow.

Like you, he becomes hostile as a reaction to his feelings of inferiority.

5. Now that you have figured out that he is as innocent a victim of this natural biological mechanism as you are, you will find yourself feeling much less hostile and a lot more sympathetic to him. Furthermore, when you reckon with the fact that you have been making him hostile to you because you have been feeling hostile to him, you will realize that you have been blaming him for hostility which you partly instigated.

All this won't come overnight. Like anything else you have ever learned, emotional fitness via the antihostility method requires practice. As with exercise and weight reduction, results are obtained progressively when we make the practice of antihostility an integral part of our daily lives. □

DR. LAYDEN *is the author of "Escaping the Hostility Trap," published by Prentice-Hall, Inc. He is a member of the psychiatry department at Johns Hopkins Hospital in Baltimore.*

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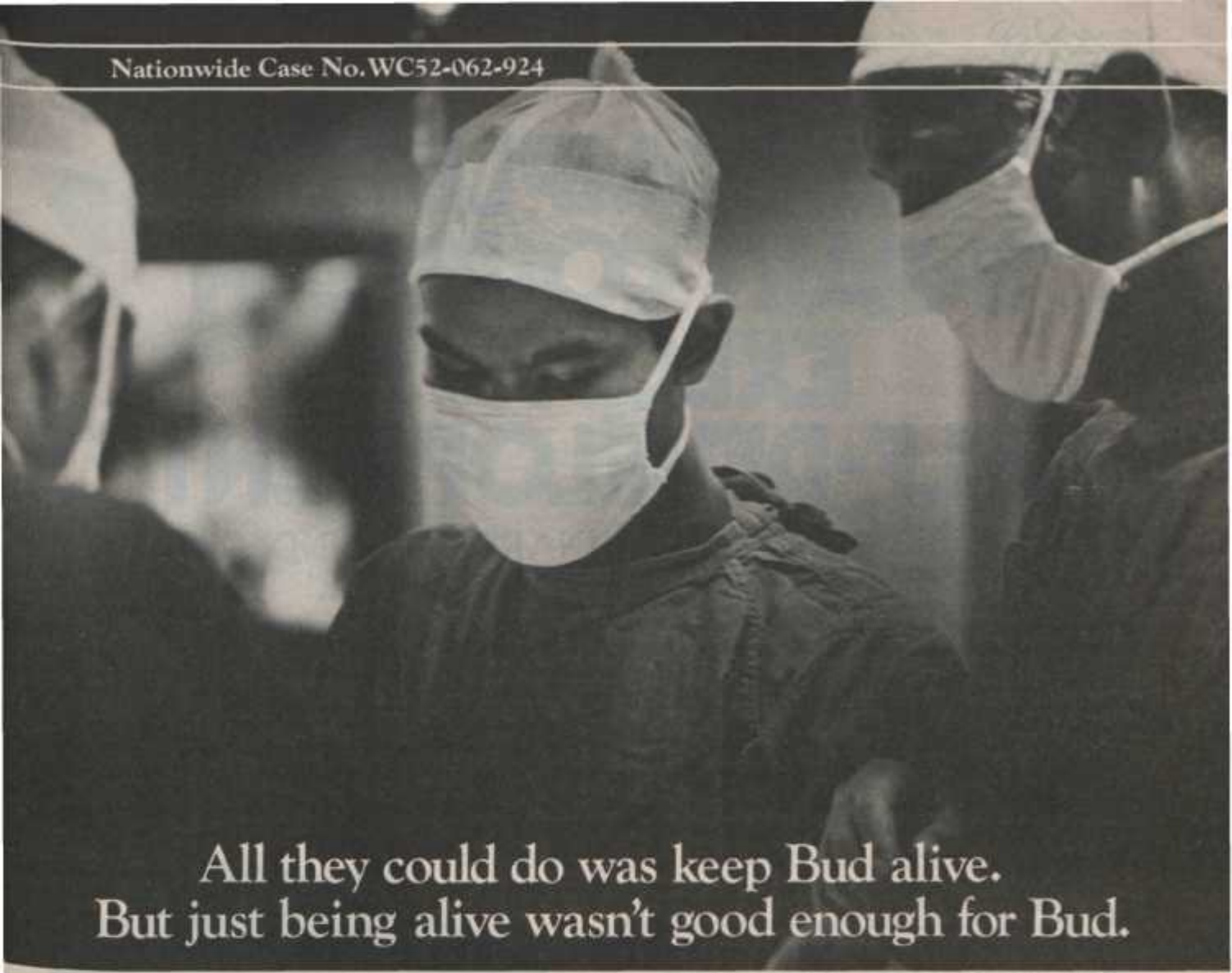


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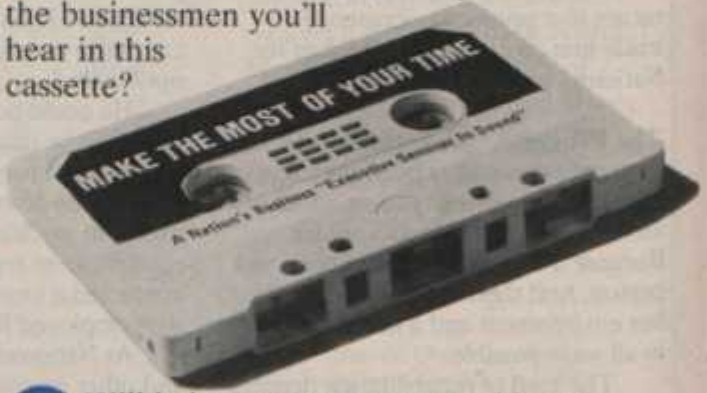
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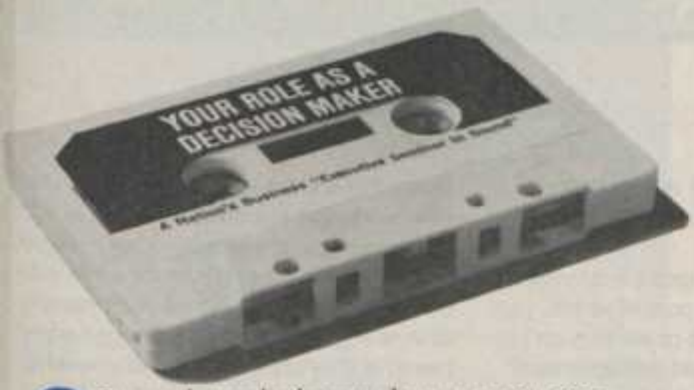
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Editor Finds a Whole New Game

Genevieve Millet Landau knows as much about children as any mother of two college-age daughters who spent more than 20 years with "Parents Magazine," where she wrote countless articles on child development, edited several books, and eventually became editor-in-chief.

Despite that store of experience and security, Ms. Landau leaped into the unknown world of toy manufacturing last April as a vice-president of Hasbro Industries, Inc., which makes, among other things, Digger Dog, Charlie's Angels dolls, Super Joe, and Weebles, the little egg-shaped characters that wobble but don't fall down.

Why such a tumultuous transformation of a career that had propelled Ms. Landau to the front ranks of experts on parent education and child development?

"When you get well into middle age, as I have," says Ms. Landau, "you begin to feel that if you don't do something else now, you never, ever will. The mental trauma created by my mid-life career change was prolonged and painful. I was visited by a bona fide identity crisis; I felt I was losing my identity, and I would get angry with myself. What kind of weak, lily-livered person was I that my whole identity resided in my job?"

However, once Ms. Landau left the magazine and turned her energies to her new work, the crisis receded. Now, with the blessings and backing of Hasbro, she is creating a program of adult education in the principles of child rearing. She will also counsel the company, based in Pawtucket, R. I., in the development of toys and games.

What is a good toy? And what is a best-selling toy? And can the two be the same? "A good toy is one that can be used in a variety of ways, that encourages use of imagination, that helps a child to learn a skill. I don't know whether one toy will sell better than another, but I do know whether one toy is better than another," says Ms. Landau.

She believes that if you make a good toy which is attractive and stimulating and will withstand a child's use and abuse, your salespeople will have little trouble selling it. "I don't expect to revolutionize the toy industry overnight," says Ms. Landau. "I would like to see an expansion of the trends that are, I think, already there in the industry, particularly playthings for preschoolers. Nice, satisfying, developmental toys that children can relate to, that children can love."

Whatever happened to toy soldiers and tanks and guns? Ms. Landau says that Hasbro is not in that market, which was pretty much devastated by anti-Vietnam war sentiment, tougher federal regulations, and a stricter advertising code.

"Hasbro has made GI Joe into an adventure toy, and the former army tank into a spaceship," says Ms. Landau. "Personally, I would never buy a gun for a child, but occasional playing with toy guns is not going to make the child into another Baby Face Nelson. Kids need an outlet for their innate aggression."

Parents have to decide what toys to buy for their children, says Ms. Landau. They should use plain old common sense, and make their decisions stick despite childish pressure and tantrums.

"That's hard to do," she says, "but everything about parenting is hard." To soften the difficulties, Ms. Landau has just published the first of a series of booklets for parents on early child development. Called "The Wonderful World of Play," the booklet offers techniques and advice on helping the very young child to discover his surroundings.

Ms. Landau's attitude toward parents







Genevieve Landau exchanged her editor's chair for cuddly dolls and wobbly Weebles, "toys that children can relate to, that children can love."



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is refreshingly upbeat. "For the past 30 years parents have been told that first, they don't know anything about rearing children, second, everything they do has the potential for causing infinite, irreparable harm, and third, anything that goes wrong with the child is all their fault.

"Mothers in particular have been the ones to bear this burden, but I think we are getting past this kind of thinking. The child does have some responsibility for how he or she turns out." •

SBA Award to Engineer with Compassion

Edward J. Gaffney went into business because his mother had arthritis. "When I came home from college at Thanksgiving in 1962," he says, "I noticed she couldn't get out of her chair without my Dad helping her."

Mr. Gaffney, a student in mechanical engineering at the time, designed an electrical lift device that would fit under the cushion of his mother's chair, raising the seat of the chair so she could stand up without help.

"I gave it to her for Christmas," says Mr. Gaffney, now president and chairman of the board of Ortho-Kinetics, Inc., a specialty lift chair and wheelchair firm in Waukesha, Wis.

"I've been in this business for 15 years now, and my mother was one of the worst cases of arthritis I've ever seen. She ended up with an artificial hip and knee, but she never got off crutches.

"Still, she had a tremendous spirit, and she kept on moving right up to the end at 76. She took a lot of aspirin."

Why Ortho-Kinetics? "I thought of using Autokinetics," says Mr. Gaffney, "but that sounded like a place for flighty cars, not like a firm that makes medical products. Ortho means correct and kinetics means motion."

Ortho-Kinetics, whose sales are expected to top $4 million this year, also makes specialized wheelchairs for handicapped children. For example, Mr. Gaffney, who has eight children, none handicapped, spent two years designing a travel chair for the wheelchair-bound child.

"These kids are helpless," says Mr. Gaffney, "and it's very difficult to take them anywhere with the standard wheelchair which does not fit easily into a car."



PHOTO: UPI

Edward Gaffney and his wife, Elizabeth, met President Carter after Mr. Gaffney was named Small Businessman of the Year. Left, SBA chief A. Vernon Weaver, Jr.

The travel chair has a narrow two-wheeled front that retracts so the entire chair can swing into the front seat of a car. The child remains in the chair, supported along the sides and head. "It's much like a big car seat," says Mr. Gaffney, "and it doubles as a big stroller for trips."

Almost all of Ortho-Kinetic's chairs are customized so that they can be adjusted to the individual. "Nobody really likes to sit in the average chair unless he's a perfectly average person," says Mr. Gaffney. "For the handicapped, the chair is a way of life and needs to be adaptable to each individual."

How do you make a business out of special chairs for special people? "Very carefully," says Mr. Gaffney. "That's why it has taken us 15 years to get this far. We're a specialty house; we mass-produce the basic products—our main line is the Cushion-Lift recliner—and then adapt them to individual needs."

Such care was recognized last spring by the Small Business Administration, which named Mr. Gaffney the Small Businessman of the Year. "I was honored, of course," he says, "and I had a 45-second conversation with President Carter at the White House awards dinner. But, like most small businesses, I've had a lot of dealings with the federal government."

Ortho-Kinetics' wheelchairs are approved under Medicaid, which means that the government will pay 80 percent of what it considers a reasonable price.

"But," says Mr. Gaffney, "it's up to the states to decide what a reasonable price is. Not only do we get to deal with the federal government, but also we deal with all 50 state governments.

"Some have a sales tax on everything, and some don't. Some tax medical items, and some don't, and others tax only certain medical items. You need, and we have, a computer to keep it all straight."

Mr. Gaffney believes that it takes time for the nonbusiness politician to understand the business viewpoint. "In the state of Wisconsin," he says, "85 percent of our representatives have never worked outside the government. And, I suspect, 100 percent of their aides, assistants, and bureaucrats have never worked outside the government."

Despite such conditions, Mr. Gaffney says his business has been very satisfying. "There is so much that needs to be done," he says. "Just look at the victims of Vietnam. Doctors saved their lives. We have the chance to give them new lives." □

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EDITORIAL

The Real Causes of Inflation

THE CARTER ADMINISTRATION is once again looking to government intervention in the marketplace as an acceptable weapon to fight inflation.

That development should be highly disturbing to everyone concerned with the health of the U. S. economy. That is to say, it should be highly disturbing to all Americans and to a large part of the rest of the world as well.

The fact that President Carter and his economic advisers are talking about wage-price guidelines that would supposedly be voluntary is immaterial. The significant thing is that such guidelines represent but another step toward mandatory wage and price controls.

There are two fundamental problems in such an approach.

The Carter White House fails to realize that wage-price restrictions have never worked the way their advocates claim. Such restrictions have served only to distort the marketplace to such a degree that the problems caused are far more serious than the ones supposedly solved.

There is another highly disturbing aspect in the White House approach to inflation. That is the extent to which the flirtation with wage-price intervention demonstrates that the national leadership has yet to come to grips with the real causes of inflation.

Shearon Harris, chairman of the board of Carolina Power & Light Co., and chairman of the board of the Chamber of Commerce of the United States, has undertaken the leadership of the business federation's national campaign to alert Americans to the true causes of inflation and what should be done about them.

In city after city across the country, Mr. Harris is telling concerned citizens:

"President Carter has properly identified inflation as a critical issue, but his approach for dealing with it is to call for industry and labor to exercise voluntary controls while giving only token attention to government's contribution.

"The glaring fallacy of the Carter approach is its failure to recognize the government's own contribution to inflation."

That contribution, he explains, has three main elements:

- High tax rates, which discourage productivity-improving saving and investment.
- Regulatory requirements, which drive up the cost of nearly everything we buy.
- Deficit spending, which raises the cost of money for productive enterprises.

The National Chamber's board of directors has adopted a far-reaching action plan for fighting inflation by dealing with each of those specific areas.

The keystone of the business federation's plan is unequivocal, as dramatized by this statement Mr. Harris has made to both congressional budget committees:

"The National Chamber calls upon the Congress to repent of its spending and taxing ways."

Also needed, he says, is a searching examination, followed by corrective action, of the extent to which the growing burden of government regulation feeds inflation.

The National Chamber is now developing other far-reaching and hard-hitting programs to combat inflation. Business people everywhere will be hearing about them in the weeks ahead.

The greatest contribution business men and women can make to their country, to the future of the national economy, and to the well-being of themselves and their families is to give their wholehearted support to the National Chamber's historic campaign to fight inflation. □

Nation's Business is the business advocate magazine leading the effort to strengthen the private enterprise system to advance human progress.

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Seagram's 7 Perfect Manhattan.
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